

U.S. BUILDERS' HARDWARE:

AN EXPORT MARKETING PLAN

Office of Forest Products and
Domestic Construction
International Trade Administration
U.S. Department of Commerce

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PREFACE

The International Trade Administration of the Department of Commerce, as part of its export promotion program, has produced this report to help U.S. manufacturers of builders' hardware products classified under Standard Industrial Classification Code 34294 locate and develop export markets for their goods. The report was prepared by Franklin E. Williams, senior building materials analyst.

The Department of Housing and Urban Development has recently begun a comprehensive, long-term program to improve the productivity and international competitiveness of the homebuilding industry. As one of the first steps in this effort, the Departments of Commerce and HUD have signed a Memorandum of Understanding to establish a cooperative interagency effort to help educate the building product and homebuilding industries about the challenge of international competition. Publication of this report is one of the first accomplishments of the joint undertaking.

Some of the information in this report is specific to the markets for builders' hardware products in selected foreign countries, and some of the data and sources are general in nature and may be useful to other American manufacturers.

TABLE OF CONTENTS

| <u>Chapter</u> | Page |
|--|------|
| I. FOREIGN MARKETS FOR BUILDERS' HARDWARE PRODUCTS | 1 |
| II. GENERAL DATA ON SOME SELECTED COUNTRIES THAT APPEAR TO OFFER POTENTIAL FOR INCREASED IMPORTS FROM THE UNITED STATES | 3 |
| The Bahamas | 4 |
| Barbados..... | 5 |
| Cameroon..... | 8 |
| Canada..... | 10 |
| China (PRC)..... | 13 |
| Honduras..... | 16 |
| Malaysia..... | 17 |
| Mexico..... | 23 |
| Norway..... | 27 |
| Saudi Arabia..... | 29 |
| South Korea..... | 34 |
| Sweden..... | 36 |
| Taiwan..... | 38 |
| Thailand..... | 39 |
| Turkey..... | 40 |
| United Kingdom..... | 43 |
| III. EXPORT ASSISTANCE OFFERED BY THE DEPARTMENT OF COMMERCE..... | 45 |
| IV. PRIVATE SECTOR SOURCES OF FOREIGN BUSINESS INFORMATION AND NAMES OF POTENTIAL CUSTOMERS..... | 63 |
| V. INTERNATIONAL FINANCING ORGANIZATIONS..... | 71 |
| Appendix: Questionnaire on the Market for Builders' Hardware in the Various Countries Surveyed..... | 80 |

Chapter I

FOREIGN MARKETS FOR BUILDERS' HARDWARE PRODUCTS

The export market for U.S. builders' hardware accounted for almost 8 percent of total annual product shipments during the period 1980-86.

Following an increase of almost 27 percent from 1980 to 1981 and then a decline from 1981 to 1982, the value of U.S. exports of all builders' hardware products increased slightly each year (with the exception of 1985) during the 1980's. However, from 1986 to 1987, exports of builders' hardware products increased sharply, rising almost 22 percent. It is highly probable that the U.S. dollar's favorable foreign exchange ratio in 1987 contributed significantly to this increase. Exports over this 8-year period are:

| | |
|------|-----------------|
| 1980 | \$143.2 million |
| 1981 | 181.3 million |
| 1982 | 171.5 million |
| 1983 | 172.4 million |
| 1984 | 189.6 million |
| 1985 | 179.8 million |
| 1986 | 184.9 million |
| 1987 | 224.7 million |

The following table provides the 1982-87 U.S. export data (in millions of dollars) for the seven groups of builders' hardware products:

| <u>Schedule B No.</u> | <u>1982</u> | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> |
|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 646.9120 | \$ 6.2 | \$ 6.4 | \$ 5.6 | \$ 6.3 | \$ 4.8 | \$ 6.3 |
| 646.9140 | 25.7 | 32.0 | 44.3 | 33.9 | 29.4 | 40.8 |
| 646.9180 | 31.3 | 38.2 | 41.6 | 43.4 | 47.7 | 68.2 |
| 647.0820 | 17.0 | 13.2 | 16.4 | 15.8 | 18.7 | 20.6 |
| 647.0830 | 6.6 | 8.2 | 5.8 | 5.9 | 5.4 | 4.8 |
| 647.0840 | 39.7 | 25.0 | 25.4 | 19.3 | 20.5 | 19.4 |
| 647.0860 | 44.9 | 49.4 | 50.6 | 55.1 | 58.4 | 64.6 |

Source: Bureau of the Census, U.S. Department of Commerce

Definitions of these Schedule B numbers follow:

Under the general category, "locks and padlocks (whether key, combination, or electrically operated); luggage locks and luggage frames incorporating locks; all the foregoing, and parts thereof, of base metal; lock keys:"

646.9120 - Padlocks

646.9140 - Door locks, locksets, night latches, deadlocks, rim locks and other locks suitable for use with interior or exterior doors (except garage and sliding doors).

646.9180 - Other, including cabinet locks, garage door locks, sliding door locks, and other locks, lock parts and lock keys.

Under the general category, "Builders' and furniture hardware (except casters) suitable for use with:"

647.0820 - Door closers and parts thereof.

647.0830 - Hinges and butts.

647.0840 - Other, including door stops, chain door fasteners, door pulls, kickplates, door knockers and escutcheons.

647.0860 - Other, including sash, shelf, sliding door, and other builders' hardware.

Table 1 shows U.S. domestic exports of the above products to countries around the world for the six-year period, 1982-87.

Chapter II

GENERAL DATA ON SOME SELECTED COUNTRIES THAT APPEAR TO OFFER POTENTIAL FOR INCREASED IMPORTS FROM THE UNITED STATES

The 16 countries selected had increased imports of U.S. builders' hardware from 1981 to 1986 or substantial imports in recent years. These were The Bahamas, Barbados, Cameroon, Canada, The Peoples Republic of China, Honduras, the Republic of Korea, Malaysia, Mexico, Norway, Saudi Arabia, Sweden, Taiwan, Thailand, Turkey, and the United Kingdom.

We have included those countries in which the senior commercial officers designated prospects for increased U.S. sales of builders hardware as only "fair," believing that although the potential is not high, there nevertheless exist some prospects for increased exports of American builders' hardware to these countries.

To assist in preparing this guide, questionnaires were mailed out to the senior commercial officers at U.S. foreign service posts in these countries. The questionnaire, which appears in the appendix of this report, was designed to obtain both specific and general information about the potential market for U.S. builders' hardware in these countries.

The information received from the foreign service officers, supplemented by data from available market studies and foreign trade data, appears in the following country "profiles."

To obtain additional information on each country's general economic situation, ways of doing business, as well as trade information (such as export licenses, import requirements, etc.), one should contact the country desk officers in the International Trade Administration. The name, telephone number, and room number of each desk officer are provided. Letters should be addressed to the individual, including room number, International Trade Administration, Herbert C. Hoover Building, U.S. Department of Commerce, Washington, DC 20230.

THE BAHAMAS

Prospects for sales of American builders' hardware in the Bahamas are good. Since 1983 imports of builders' hardware from the United States into The Bahamas have grown tremendously, particularly in 1985 and 1986. This trend is expected to continue since the United States is a major source of building supplies to this country, accounting for at least 65 percent of all builders' hardware products imported to the Bahamas. U.S. exports of builders' hardware to the Bahamas were valued at \$8.2 million in 1985 and \$16.5 million in 1986.

There are no regulations or product standards for builders' hardware in The Bahamas. Building owners make the final decision regarding specifications, and contractors are responsible for the purchase of building materials. It is advisable for U.S. suppliers to deal directly with retail store buyers since all of the major contractors purchase supplies locally from building supply stores.

Since there are no trade shows held locally that are geared to promote U.S. products, most promotions by U.S. firms are done either via the mailing of promotional materials, agent distributor requests, or through trade shows in the United States.

A major security company's representative recently told American embassy personnel that there is a growing concern for security among residential and commercial property owners. This company bases this conclusion on information obtained from a survey it conducted to ascertain the potential market for access control units in the Bahamas. This survey was directed at banks, jewelry stores, and some high-risk office buildings. So far, there is concern that the units are too costly; however, it is felt that if security personnel were trained to be sales people for these units, the response from the business community would be more encouraging.

U.S. Exports of Builders' Hardware to the Bahamas, 1982-87
(thousands of dollars)

| <u>Schedule B</u> | <u>1982</u> | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 646.9120 | \$ 40 | \$ 32 | \$ 25 | \$ 23 | \$ 97 | \$ 56 |
| 646.9140 | 184 | 143 | 127 | 83 | 53 | 70 |
| 646.9180 | 49 | 78 | 87 | 59 | 95 | 295 |
| 647.0820 | 1,737 | 1,521 | 1,637 | 1,198 | 1,422 | 2,417 |
| 647.0830 | 79 | 14 | 11 | 19 | 24 | 100 |
| 647.0840 | 55 | 84 | 82 | 227 | 137 | 496 |
| 647.0860 | 592 | 116 | 1,922 | 6,602 | 14,714 | 7,574 |
| Total | \$2,736 | \$1,988 | \$3,890 | \$8,211 | \$16,543 | \$11,008 |

ITA Desk Officer to contact: Mark Tadeu, (202) 377-2527, Room H-3314

BARBADOS

Currently, the construction industry in Barbados is booming with strong housing development, school renovation, and shopping mall construction.

Since the United States has the majority share of the builders' hardware market in Barbados, with a little competition from the United Kingdom and a few Caribbean Islands, American standards are mainly used in connection with specifications. In the case of government or large business projects, the security/locking systems are recommended by the consulting engineers or the architects. Such systems are usually not available from domestic producers.

The average Barbadian building owner engaged in contracting for the construction or renovation of a building (i.e., house or other structure) might choose its locking system with some advice from either the building contractor or sales clerk in a retail outlet. The selection of builders' hardware available to the general public in retail stores is either supplied by the agent/distributors or by the store manager.

Additional information on standards may be obtained from the Barbados National Standards Institute, Culloden Road, St. Michael, Barbados, West Indies. Telephone (809) 426-3870.

Trade fairs which should be of interest to U.S. firms include: "Caribbean Export '88," which was last held April 14-25, 1988 in Trinidad. The person to contact for additional information on this show is Mr. Oscar Alonzo, Chief Executive Officer, Trinidad & Tobago Export Development Corporation, 17 Richmond Street, Port of Spain, Trinidad; telephone: (809) 623-6022. Another is the Organization of Eastern Caribbean States Trade & Investment Exposition, scheduled for June-July 1988 in Antigua. The person to contact for additional information is Jenni Killiam, Council of Eastern Caribbean Manufacturers, Box 1158, St. John's, Antigua. The telephone number is (809) 461-3568.

The following is a listing of the tariff rates on various builders' hardware products:

| | Tariff No. | Charges |
|--|------------|---|
| Iron and steel brackets; doorbolts and checks; hinges of all types; door controls, closers and checking devices; hangers; tracks and related items; door holders and stops | 83.02 | 20 per cent c.d. 15 per cent s.d. 6 per cent c.t. |
| Locks and lock sets; keys and key blanks; padlocks | 83.01 | 20 per cent c.d. 15 per cent s.d. 6 per cent c.t. |
| Miscellaneous closet hardware, including shelving other than decorative shelving | 94.03 | 60 per cent c.d. 15 per cent s.d. 6 per cent c.t. |
| Electronic access control security devices | 85.22 | 25 per cent c.d. 15 per cent c.t. |

c.d. - customs duty

s.d. - stamp duty

c.t. - consumption tax

Total imports of these groups in 1986 were as follows:

| <u>Tariff No.</u> | <u>Total Imports</u> | |
|-------------------|----------------------|------------------|
| | Quantity (kgs) | Value (US \$) |
| 83.01 | 65,400 | |
| 83.02 | 133,759 | \$523,848 |
| 85.22 | 22,524 | 894,092 |
| 94.03 | | 309,859 |
| - Metal | 101,242 | |
| - Wood | 29,095 | 485,154 |
| - Other | 138,626 | 89,818 |
| | | 570,469 |

| <u>Leading Exporting Country</u> | | | <u>Second Exporting Country</u> | |
|--------------------------------------|--------|-----------|-------------------------------------|-----------|
| Qty (kgs) | Value | | Qty (kgs) | Value |
| <u>Tariff No.</u> | | | | |
| 83.01 | U.S. | | U.K. | |
| | 34,932 | \$271,144 | 13,181 | \$147,910 |
| 83.02 | U.K. | | U.S. | |
| | 43,636 | 304,535 | 48,317 | 389,655 |
| 85.22 | U.K. | | U.S. | |
| | 12,681 | 45,672 | 10,544 | 235,123 |
| 94.03 | | | | |
| -Metal | U.S. | | U.K. | |
| | 63,311 | 202,218 | N.A. | N.A. |
| -Wood | Guyana | | U.S. | |
| | 7,810 | 26,650 | 4,492 | 23,137 |
| -Other | U.S. | | Jamaica | |
| | 51,607 | 380,802 | N.A. | N.A. |

N.A.=Not available

U.S. Exports of Builders' Hardware
to Barbados, 1982-87
(thousands of dollars)

| <u>Schedule B</u> | <u>1982</u> | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 646.9120 | \$ 39 | \$ 19 | \$ 37 | \$ 34 | \$ 21 | \$ 31 |
| 646.9140 | 43 | 88 | 82 | 19 | 48 | 45 |
| 646.9180 | 23 | 18 | 4 | 16 | 2 | 26 |
| 647.0820 | 6 | 0 | 5 | 35 | 54 | 24 |
| 647.0830 | 9 | 6 | 7 | 19 | 47 | 36 |
| 647.0840 | 59 | 55 | 115 | 522 | 20 | 26 |
| 647.0860 | 30 | 90 | 77 | 293 | 1,174 | 1,695 |
| Total | \$209 | \$277 | \$327 | \$938 | \$1,367 | \$1,883 |

ITA Desk Officer: Robert Domitzer, (202) 377-2527, Room H-3314

Cameroon

According to a U.S. Foreign Service report in September 1985, the overall construction situation was as follows: "Reflecting the large amounts of investment now being dedicated to the revitalization of Cameroon's long-neglected infrastructure as well as a certain amount of real estate speculation, construction and public works activities are currently flourishing. Major projects are underway to upgrade several important sections of the national highway network and the railroad, and to expand and modernize the Douala port. Other areas of activity include work on airports, dams, schools, hospitals, and the telecommunications network. Construction cranes dot the horizons of Yaounde, Douala, and other cities as office buildings, apartment blocks, and housing developments spring up. Infrastructure development, long neglected, is directly or indirectly leading much of the 'on-shore' Cameroon's growth." [Foreign Economic Trends report]

Since that report construction activity has declined considerably in Cameroon. The short-term outlook is for slow growth, although building activities in Cameroon still offer an attractive market.

Because there are no manufacturers of builders' hardware in Cameroon, all of these products must be imported. The only import statistics available are for locks and accessories from all countries. All other types of builders' hardware products are included in a "basket" category labeled "miscellaneous metal manufactures." According to the Cameroonian Customs, the country imported locks and accessories valued at US\$8,865,000 in the 1985/86 period; in the 1986/87 period, it is estimated that US\$13,260,000 of these products will be imported. The major suppliers in 1985/86 were France (65 percent), the Republic of South Korea (10 percent), Taiwan (10 percent), Italy (5 percent), Japan (5 percent), and the United Kingdom (5 percent).

Since at least 75 percent of the construction performed in Cameroon is done by French and French-affiliated companies, it is only natural that France dominates the market for builders' hardware. The French manufacturer, Vachet, is by far the largest supplier. Unfortunately, Cameroon Customs is unable to provide any breakdown of the imports, but it is safe to assume that import figures include: locks and lock sets used on both doors and cabinets; dead bolts and checks; keys and key blanks; padlocks, lock trim; and push-pull bars.

Since the market is dominated by French companies, U.S. companies which have French affiliates, agents or distributors may be in a good position to enter the Cameroon market.

There are few architect-designed buildings in the country. Industry sources report that most often the architect is the specifier when an architectural firm designs a building, but the distributor very frequently will dictate the builders' hardware to be used simply by what is in stock or on hand.

There are no product standards on builders' hardware in Cameroon.

Ideally, American firms should arrange for some of their personnel to visit Cameroon, meet with distributors and potential agents, then follow up with regular telephone/Telex contacts.

There is virtually no potential for the sale of access control units in Cameroon since almost every building has guards on a 24-hour basis. With unemployment levels at 25-30 percent, hiring guards is far less expensive than purchasing access control systems.

The current prospects for U.S. sales of builders' hardware in Cameroon are only fair. The slowdown in construction activity, the domination of the construction industry by French firms, the historic high cost of American-made builders' hardware, and the simple lack of contact with U.S. suppliers are all factors which contribute to this "fair" outlook. American suppliers must visit Cameroon and meet with distributors and the country's few architects to develop a market there.

U.S. Exports of Builders' Hardware
to Cameroon, 1982-87
(thousands of dollars)

| <u>Schedule B</u> | <u>1982</u> | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 646.9120 | 0 | 0 | 0 | 0 | 0 | 0 |
| 646.9140 | 0 | 0 | 0 | 0 | 0 | 0 |
| 646.9180 | 0 | 0 | 0 | 0 | 0 | 0 |
| 647.0820 | 0 | 0 | 0 | 0 | 0 | 0 |
| 647.0830 | 0 | 0 | 0 | 0 | 0 | 0 |
| 647.0840 | 0 | 0 | 2 | 0 | 0 | 0 |
| 647.0860 | 0 | 0 | 0 | 37 | 14 | 0 |
| Total | 0 | 0 | \$2 | \$37 | \$14 | 0 |

ITA Desk Officer: Ian Davis, (202) 377-0357, Room H-3033

CANADA

The following is taken from an August 1986 "Industry Sector Analysis" report on the Canadian market for building materials prepared by the Department of Commerce:

Looking to 1988 and beyond, growth in both residential and non-residential contract construction output is expected to slow. In the absence of increased spending for municipal infrastructure, industry output during 1988-1990 may rise only one or two percentage points.

By 1988, total Canadian construction activity is expected to weaken as investment expenditures begin to diminish and pent-up demand is exhausted. As a result, Canadian building materials requirements are projected to increase at an annual average real rate of 3.8 percent through 1989, a figure significantly lower than that recorded in 1985. Total Canadian imports of building materials were valued at US\$1,270 million in 1984, US\$1,212 million in 1985, and a projected US\$1,266 million in 1986. Total Canadian imports of building materials are expected to rise at an average annual rate of 3.6 percent during the 1987-89 forecast period...

Over 21,000 professionals are involved in the selection and purchase of building materials in Canada. Canadian architects and architectural firms are responsible for numerous projects and in control of product specification, recommendation and approval...

Engineers are frequently called on for total building design and specification functions once generally thought to be performed only by architects. As a marketing target, Canadian consulting engineers are among the most important decision-makers in both engineering areas and general contract work...

Personal selling in Canada requires heavy investments in time and traveling expense. Such efforts are important, however, as Canadian builders begin demanding increased service levels, particularly for new specialty products...

Standards certification for most building materials fall under the jurisdiction of the Canadian Standards Association...178 Rexdale Boulevard, Rexdale, Ontario, M9W 1R3.

Since the Government of Canada does not collect statistics on the production of builders' hardware as a separate item from the consumer hardware category of goods, there are no official data on the size of the market for these products.

About 90 percent of builders' hardware imported into Canada comes from the United States. Most are shipments of unfinished and finished hardware from the American parent plants to provide either castings and forgings to their subsidiaries or to provide finished products to round out the subsidiaries' product lines. Canadian producers supply about 45 percent of the Canadian market, with over 60 percent of this production coming from subsidiaries of American-owned multinationals such as Weiser, Ingersoll-Rand, Door Hardware, International Hardware (Corbin), Amerock, and Stanley Hardware.

Separate data (as in the case of all builders' hardware) on electromagnetic locks and electronic access-control security devices are not maintained by the Government. There are no Canadian manufacturers of electromagnetic locks and there is only one Canadian-owned manufacturer of the card-actuated systems.

The key players in specifying builders' hardware for building projects are the Canadian architects.

Product standards are available from the Builders' Hardware Manufacturers Association of Canada, 1 Yonge Street, Toronto, Ontario.

A sales agent is advisable for contractors and wholesale distribution, less so at retail, where builders' hardware generally is distributed to the consumer through hardware dealers, with a few major chains controlling the market.

The major trade show for this industry is the one sponsored by the Canadian chapter of the Door Institute of Canada.

The largest important trade event for U.S. exporters of builders' material to Canada is the Canadian Construction Show, which is held in Toronto. Information about the show is available from Mr. Jim Mahon, Show Manager, Industrial Trade Shows of Canada, 20 Butterick Road, Toronto, Ontario, M8W 3Z8.

Industrial Trade Shows of Canada also organizes the Canadian Home Improvement Show in Mississauga, Ontario. U.S. manufacturers interested in participating should direct their inquiries to Ms. Dawn Morris, Show Manager, Industrial Trade Shows of Canada at the above address.

The prospects for increased American sales of builders' hardware products in Canada currently are only fair since little real growth in the overall market is expected. Some possibilities for licensing arrangements exist; however, as noted above, many Canadian manufacturers are U.S. subsidiaries with ready access to parent firms' technology. Therefore, licensing arrangements would face a high degree of competitive risk.

U.S. Exports of Builders' Hardware
to Canada, 1982-87
(thousands of dollars)

| <u>Schedule B</u> | <u>1982</u> | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 646.9120 | \$ 3,440 | \$ 3,771 | \$ 3,406 | \$ 3,478 | \$ 2,886 | \$ 3,365 |
| 646.9140 | 5,897 | 7,285 | 13,037 | 11,434 | 11,751 | 19,089 |
| 646.9180 | 9,075 | 10,919 | 10,647 | 9,038 | 10,265 | 14,344 |
| 647.0820 | 5,661 | 5,312 | 6,477 | 6,547 | 7,974 | 8,745 |
| 647.0830 | 2,171 | 2,473 | 2,253 | 2,333 | 2,148 | 2,527 |
| 647.0840 | 2,198 | 3,362 | 2,241 | 1,809 | 1,210 | 2,153 |
| 647.0860 | 13,897 | 19,240 | 16,809 | 18,681 | 15,554 | 25,910 |
| Total | \$42,338 | \$52,361 | \$54,897 | \$53,321 | \$51,788 | \$76,133 |

ITA Desk Officers: William Cavitt, (202) 377-3101, Kenneth Fernandez, (202) 377-3643, Stephen Jacobs (202) 377-3810, Room H-3033

PEOPLES REPUBLIC OF CHINA

We have included the Peoples Republic of China as a possible good foreign market for U.S. builders' hardware although no survey form was sent to the American Embassy there. We are basing this decision on various communications from the U.S. foreign service personnel and a Commerce-sponsored market report concerning the probability of substantial markets for American building materials in China. The following paragraphs were either quoted directly from or paraphrased from these communications.

This vast country currently may offer a substantial market for certain American building products. The size of the market in the future may be much larger.

According to a market report issued by the Department of Commerce in January 1986, the market for building materials in China is expected to continue to increase for the next 5 years in an attempt to satisfy and resolve the chronic and acute housing shortage caused by the emphasis on industrial buildings at the expense of housing before 1979. For the next 5 years, 650 million cubic meters of residential space will be built at the municipal and county level, while 3 billion cubic meters will be built in the rural areas.

In addition to resolving the housing shortage, other factors will create a demand for building products. The Government will encourage growth of small to medium-sized cities and will renovate existing old buildings to meet new, improved standards, and design. Secondly, the Government aims to encourage individual purchases of homes to resolve the housing shortage and gradually to ease the Government's burden to invest in housing.

Imports are being used to meet shortfalls in production of basic building materials. They also provide a variety of products that are produced neither in quality nor quantity by China's manufacturing industries.

The American Embassy in Beijing, in its Foreign Economic Trends and Their Implications for the United States report, published in October 1986, states "Best U.S. opportunities are in [among others] building materials."

A most promising market is the continuing boom in modern hotel construction in China for the flourishing tourist trade. A number of these hotels have been built and many more are planned. Foreign designers have drawn up specifications requiring importation of products ranging from structural steel to bathtubs and wallpaper. Some hotels have been constructed with almost all imported products..."

Construction of these hotels is taking place along all stop-over points and major tourist routes, with most construction being centered largely in Beijing and the three major coastal cities of Tianjin, Shanghai, and Guangzhou.

Large numbers of modern structures in the so-called "development zones and technology centers" (areas for foreign trade and industry to be attached to

major municipalities all up and down the coast) will involve new communities composed of industrial buildings, foreign housing and recreational facilities and supporting commercial structures, including trade centers. These modern buildings may be good markets for electronically-controlled access lock systems.

In those situations in which finished goods may not be exportable to China for any number of reasons, the possibilities for technology know-how transfer are excellent. Chinese trading companies and manufacturers have expressed strong interest in purchasing the technology and equipment for the manufacture of U.S. building products. Their officials have visited the United States and developed a high regard for the technical superiority of American products.

Responsibility for the imports of metal-based building products is assigned to Minmetals, one of the original state trading agencies. The China National Building Materials and Equipment Import and Export Corporation (CEMIE) and the China National New Building Materials Import and Export Corporation (CNBM) have jurisdiction over the remaining building products imports. However, the division among these three agencies is indistinct and the list of products traded by each shows areas of overlap.

The "new" in CNBM's title refers to its assignment to arrange for the transfer of new technologies and the importation of non-traditional products which will upgrade China's construction and building materials industries. CEMIE, while dealing mostly in traditional building products, maintains that it is allowed to trade in all building products; also, it assists in joint ventures and acts as a commission agent for foreign suppliers.

The address of CEMIE is Bei Wan Zhuang, Beijing, China; the telephone number is 890251 and the Telex number is 22030 CEMC CN. The address of CNBM is Zi Zhu Yuan Road, Beijing, China; the telephone number is 891031 and the Telex number is 20038 CNBM CN. The address of Minmetals is P. O. Box 65, Erligou, Xijiao; the telephone numbers are 890281 and 890931, and the Telex number is 22241 MIMET CX.

Participating in selected international exhibitions held in China's major cities, especially with demonstration units or products, is a good way to obtain leads and get a general "feel" for the market, its needs, and how business is conducted.

(The International Trade Administration led a delegation of executives of U.S. building material manufacturers to China from March 18 through March 30, 1988, to explore business opportunities, especially exports and joint ventures. This trade mission was one of a series of industry-specific missions between the United States and China which were called for by a 1985 agreement. Executives from six companies participated in the tour, which included plant visits, technical seminars, banquets with key Chinese officials, and business meetings. Most of the executives reported making progress on potential business ventures, although doing business in China is still difficult and complicated.)

U.S. Exports of Builders' Hardware to
the Peoples Republic of China, 1982-87
(thousands of dollars)

| <u>Schedule B</u> | <u>1982</u> | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 646.9120 | 0 | 0 | \$ 84 | 0 | 0 | \$ 26 |
| 646.9140 | \$ 88 | \$460 | 75 | \$298 | \$ 26 | 63 |
| 646.9180 | 1 | 2 | 35 | 56 | 21 | 13 |
| 647.0820 | 1 | 2 | 3 | 0 | 0 | 0 |
| 647.0830 | 0 | 0 | 0 | 0 | 0 | 31 |
| 647.0840 | 0 | 2 | 0 | 0 | 7 | 3 |
| 647.0860 | 5 | 31 | 45 | 80 | 0 | 0 |
| Total | \$ 94 | \$498 | \$243 | \$434 | \$54 | \$136 |

Desk Officer: Jeffrey Lee, (202) 377-3583, Room H-2317

HONDURAS

The size of the Honduran market for locks, padlocks, etc. of iron or steel in 1984 was US\$2.53 million; in 1985, it dropped to US\$1.62 million, and in 1986, to US\$1.43 million. The market for locks, padlocks, etc. of bronze was US\$.41 million in 1984, in 1985, US\$.30 million, and in 1986, US\$.50 million. No changes are expected in the near term; small changes are expected in the long term.

There is no domestic builders' hardware manufacturing industry, and all of these goods are imported. Competing with American firms for this market are companies from Taiwan and the Republic of South Korea.

Building owners specify the builders' hardware, together with the architect. The owner, though, has the primary influence.

Information on product standards is available from the College of Civil Engineers of Honduras (Colegio de Ingenieros Civiles de Honduras, or CICH), Colonia Florencia, Norte Prinera Entada, Tegucigalpa, DC, Honduras.

A sales agent, on a commission basis, is advisable for American firms selling in Honduras.

There is a small market for access control units in San Pedro Sula and Tegucigalpa.

Prospects for American sales of builders' hardware are fair, according to the senior commercial officer in Tegucigalpa.

U.S. Exports of Builders' Hardware to Honduras, 1982-1987 (thousands of dollars)

| <u>Schedule B</u> | <u>1982</u> | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 646.9120 | \$ 17 | \$ 3 | \$ 8 | \$ 3 | \$ 7 | \$ 4 |
| 646.9140 | 91 | 103 | 121 | 96 | 234 | 98 |
| 646.9180 | 87 | 17 | 46 | 24 | 53 | 2 |
| 647.0820 | 11 | 11 | 60 | 66 | 63 | 50 |
| 647.0830 | 48 | 10 | 45 | 28 | 10 | 26 |
| 647.0840 | 61 | 136 | 88 | 71 | 179 | 60 |
| 647.0860 | 53 | 55 | 27 | 104 | 38 | 46 |
| Total | \$368 | \$335 | \$394 | \$391 | \$584 | \$286 |

Desk Officer: Brigit Helms, (202) 377-2527, Room H-3314

MALAYSIA

According to recently released external trade statistics for 1986, Malaysia's imports of builders' hardware totaled \$6.54 million, compared with \$7.74 million in 1985, a decrease of 16 percent. The reduced imports were due primarily to sluggish construction activity and high inventories of construction-related materials. According to industry sources in Malaysia, construction starts in 1987 are expected to remain sluggish because of the prevailing glut of office space and weakness of prospective domestic demand for residential structures. Therefore, imports of builders' hardware are expected to decrease further, or at best, remain at the current level.

Listed below is a breakdown of specific builders' hardware products imported in 1985 and 1986 with information on the volume supplied by the major supplying countries, which include the United States. All volume data are in American dollars.

| <u>Product</u> | <u>1985</u> | <u>1986</u> |
|--------------------------------------|-------------|-------------|
| Padlocks of base metal, key operated | | |
| China | \$365,221 | \$328,623 |
| West Germany | 14,218 | 12,723 |
| Hong Kong | 25,740 | 19,680 |
| Italy | 92,872 | 106,784 |
| Japan | 92,644 | 44,261 |
| Taiwan | 58,897 | 125,626 |
| United Kingdom | 13,616 | 48,990 |
| United States | 16,299 | 11,517 |
| Other countries | 287,460 | 119,388 |
| Total | \$966,967 | \$817,592 |

Cylindrical door locks of base metal, key operated

| | | |
|-----------------|-------------|-----------|
| China | \$ 1,229 | \$ 4,906 |
| West Germany | 34,835 | 6,523 |
| Hong Kong | 926 | 106 |
| Italy | 7,102 | 33,533 |
| Japan | 513,149 | 383,065 |
| Taiwan | 206,920 | 74,609 |
| United Kingdom | 64,148 | 50,974 |
| United States | 559,234 | 36,317 |
| Other countries | 159,013 | 49,006 |
| Total | \$1,546,556 | \$639,039 |

| <u>Product</u> | <u>1985</u> | <u>1986</u> |
|--|-------------|-------------|
| Mortise door locks | | |
| China | \$14,223 | \$ 353 |
| West Germany | 28,972 | 5,334 |
| Hong Kong | -- | 3,927 |
| Italy | 4,377 | 44,754 |
| Japan | 90 | 2,667 |
| Taiwan | 28,656 | 49,005 |
| United Kingdom | 242 | 53,325 |
| United States | -- | 136,782 |
| Other countries | 11,554 | 65,656 |
| Total | \$88,114 | \$230,582 |
| Other door locks of base metal, key operated | | |
| China | \$ 60,314 | \$ 3,817 |
| West Germany | 37,463 | 22,985 |
| Hong Kong | 19,768 | 14,162 |
| Italy | 67,881 | 41,650 |
| Japan | 382,273 | 241,626 |
| Taiwan | 134,597 | 39,314 |
| United Kingdom | 176,797 | 185,797 |
| United States | 89,473 | 44,670 |
| Other countries | 125,100 | 91,743 |
| Total | \$1,093,666 | \$685,764 |
| Locks, other than padlocks and door locks, of base metal, key operated | | |
| China | \$100,682 | \$176,138 |
| West Germany | 35,231 | 18,301 |
| Hong Kong | 19,505 | 13,336 |
| Italy | 29,818 | 9,995 |
| Japan | 109,100 | 210,521 |
| Taiwan | 64,570 | 111,800 |
| United Kingdom | 25,468 | 35,779 |
| United States | 10,130 | 38,196 |
| Other countries | 102,132 | 89,612 |
| Total | \$496,636 | \$703,678 |

| <u>Product</u> | <u>1985</u> | <u>1986</u> |
|--|-------------|-------------|
| Locks, other than key operated, of base metal | | |
| China | \$ 14,019 | \$ 2,573 |
| West Germany | 30,777 | 106,463 |
| Hong Kong | 9,005 | 17,740 |
| Italy | 12,241 | 7,459 |
| Japan | 191,858 | 34,202 |
| Taiwan | 72,741 | 45,266 |
| United Kingdom | 182,340 | 48,636 |
| United States | 211,975 | 65,032 |
| Other countries | 52,704 | 129,701 |
| Total | \$777,660 | \$457,074 |
| Parts for cylindrical door locks, of base metal, key operated: out- side wearing knob with or without spindle | | |
| China | -- | -- |
| West Germany | \$ 2,077 | \$ 161 |
| Hong Kong | 15 | -- |
| Italy | 20 | 324 |
| Japan | 1,258 | 1,038 |
| Taiwan | 365 | 11 |
| United Kingdom | 674 | 5,866 |
| United States | 12,747 | 11,494 |
| Other countries | 2,313 | 7,094 |
| Total | \$19,469 | \$25,988 |
| Parts, not elsewhere specified, for locks and padlocks, of base metal, key operated | | |
| China | -- | -- |
| West Germany | \$ 10,319 | \$ 15,620 |
| Hong Kong | 61,437 | 17,970 |
| Italy | 11,052 | 17,279 |
| Japan | 9,851 | 15,196 |
| Taiwan | 182,657 | 243,394 |
| United Kingdom | 86,537 | 54,762 |
| United States | 82,481 | 73,910 |
| Other countries | 106,606 | 67,886 |
| Total | \$550,940 | \$506,017 |

| <u>Product</u> | <u>1985</u> | <u>1986</u> |
|--|-------------|-------------|
| Parts for locks, of base metal, other than key operated | | |
| China | \$ 9,793 | -- |
| West Germany | 9,051 | \$ 8,880 |
| Hong Kong | 51,300 | 108,179 |
| Italy | 15,391 | 5,590 |
| Japan | 188,230 | 47,141 |
| Taiwan | 137,752 | 25,222 |
| United Kingdom | 18,595 | 36,608 |
| United States | 37,618 | 26,030 |
| Other countries | 63,293 | 48,921 |
| Total | \$531,023 | \$306,571 |
| Bolts, hasps and hinges for furniture, doors, staircases, etc. of base metal | | |
| China | \$ 120,544 | \$ 172,618 |
| West Germany | 237,264 | 176,384 |
| Hong Kong | 143,674 | 126,122 |
| Italy | 566,486 | 540,666 |
| Japan | 818,467 | 431,940 |
| Taiwan | 217,080 | 273,424 |
| United Kingdom | 102,700 | 47,477 |
| United States | 129,792 | 90,290 |
| Other countries | 297,624 | 306,173 |
| Total | \$2,633,631 | \$2,633,631 |

Currently, mortice and cylindrical locks, padlocks, hinges, door closers, and other door hardware are made in Malaysia by several "backyard" operators. Of these, Syarikat Metal Industries of Malaysia Sd. Bhd., and Chan Hin Industries Sdn. Bhd. are medium in size and better known in the market. According to these two firms, domestic production of all types of locks and door hardware is estimated at \$2 million to \$3 million yearly, of which about 15 percent is exported. In 1986, Malaysia's exports and re-exports of builders' hardware totaled \$512,010 (in 1985, \$708,279). All imported builders' hardware is subject to a 40 percent import duty and a 10 percent sales tax.

The architect for a building project specifies the builders' hardware. Seldom does the owner of the building interfere with the architect's decision.

Builders' hardware product standards may be obtained from the Standards and Industrial Research Institute of Malaysia (SIRIM), a statutory body located at Lot 10810, Phase III, Federal Highway, P.O. Box 35, 40600 Sha Alam, Selangor.

With the exception of the output of domestic manufacturers, all imported builders' hardware is usually marketed through an import agent who sells directly to the end-users and wholesalers/retailers.

Upcoming trade fairs that would be appropriate for U.S. firms to attend or participate in include an annual Safety, Security and Fire Equipment Exhibition held in the first quarter of the year; BUILDTEX, held also in the first quarter of the year; MALBEX, held in July; and MACHMEX, also held in the first quarter of the year. The dates of these fairs are subject to change.

The market for access control units is limited because of the price factor. As regards electromagnetic locks, none has been sold in the Malaysian market to date.

American-made builders' hardware products enjoy excellent reputations in the Malaysian market, and those that can compete on a price basis are widely accepted.

The Malaysian Government welcomes foreign investments into the manufacturing sector. It encourages joint ventures between foreign investors and Malaysians for the establishment of mutually beneficial, long-term projects. Possibilities exist for licensing arrangements for U.S. builders' hardware manufacturing technology. The Malaysian Industrial Development Authority, which is responsible for industrial development in the country, would be pleased to assist American companies wishing to establish offshore operations in Malaysia.

U.S. Exports of Builders' Hardware
to Malaysia, 1982-87
(thousands of dollars)

| <u>Schedule B</u> | <u>1982</u> | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 646.9120 | 0 | \$ 8 | \$ 13 | 0 | \$ 1 | 0 |
| 646.9140 | \$ 73 | 60 | 260 | \$ 352 | 63 | \$ 8 |
| 646.9180 | 332 | 169 | 393 | 190 | 51 | 85 |
| 647.0820 | 2 | 9 | 66 | 102 | 87 | 53 |
| 647.0830 | 23 | 3 | 5 | 3 | 5 | 0 |
| 647.0840 | 1 | 35 | 93 | 9 | 50 | 35 |
| 647.0860 | 116 | 67 | 346 | 439 | 200 | 841 |
| Total | \$547 | \$351 | \$1,176 | \$1,094 | \$458 | \$1,022 |

ITA Desk Officer: Gary Bouck, (202) 377-3875, Room H-2308

MEXICO

The Mexican market for builders' hardware is approximately \$530 million, divided as follows:

| | |
|---------------------------------|---------------|
| Iron and steel brackets | \$ 18 million |
| Padlocks | 4 million |
| Door bolts | 62 million |
| Keys | 6 million |
| Parts for locks | 98 million |
| Door locks | 208 million |
| Other locks | 18 million |
| Hinges | 60 million |
| Shelving, hangers, tracks, etc. | 6 million |
| Door locks without key | 50 million |

This market is expected to grow at an annual rate of 20 percent during the next three years.

Mexican hardware manufacturers produce about 96 percent of total market demand. In 1985, Mexican imports of builders' hardware were valued at \$42.5 million and in 1986, \$54.9 million. U.S. suppliers gained 81 percent of the import market, compared with 4 percent from Japan, 3 percent from West Germany, 2 percent from Italy, and 10 percent from other countries.

Architects and engineers are the specifiers of builders' hardware for a building, unless the end user specifically requests a product. Additionally, Mexican Government housing agencies have technical offices, which specify the type of building materials and hardware to be used for certain housing constructed for Government employees and some types of private construction.

The Mexican Secretariat of Commerce and Industrial Development issues product standards regulations, publishing them in the Official Gazette. Any inquiry should be presented to this agency; the address is Alfonso Reyes No. 30-100 Piso, 06179 Mexico, D.F.

There is a potential market for access control units in hotels. The total market for all hotel and restaurant equipment was \$123.6 million in 1984, \$127.5 million in 1985, \$154.1 million in 1986, and is estimated at \$173.6 million in 1987. The expected real growth rate in total demand over the next 3 years is 12.7 percent per annum.

There are 6,761 hotels and motels in Mexico, and this industry is expected to grow by 40 percent over the next 3 years (1988-1990). This offers a very large potential market for access control units.

During 1986 Mexico received 4.7 million foreign tourists. Preliminary data for 1987 indicates an increase of 22 percent compared with 1986 figures. Mexican internal tourism increased from 9 million tourists in 1970 to 22 million in 1986.

Mexico liberalized its import regulations in July 1985, and only 476 items out of 8,342 items on the Mexican tariff schedule are now subject to prior import licenses. Adjustments were made in the ad valorem duties charged on imports at the same time, and many duties were increased. During 1986 and 1987, further modifications of the tariff schedule were published. The maximum duty on any item currently is 40 percent. By the end of 1988 the maximum duty is scheduled to be reduced to 30 percent, and official prices in U.S. dollars per kilogram will be phased out. Virtually no builders' hardware item now requires a prior import permit. Duties on a representative sample of builders' hardware are as follows:

| <u>Tariff Number</u> | <u>Product</u> | <u>Ad Valorem Duties (percent)</u> | <u>Official Price in U.S. Dollar/Kg.</u> |
|----------------------|--|--|--|
| 73.21.A.002 | Iron and steel brackets | 33 | |
| 76.08.A.999 | Aluminum trims | 33 | |
| 83.01.A.001 | Door locks | 40 | \$21.17 |
| 83.01.A.002 | Padlocks | 40 | 16.80 |
| 83.01.A.003 | Keys, unfinished | 33 | |
| 83.01.A.004 | Frames of alloyed magnesium incorporating locks | | |
| 83.01.A.009 | Parts for the fabrication of locks (1) | 10 | |
| 83.01.A.999 | Others | 40 | |
| 83.02.A.001 | Mountings for blinds | 40 | |
| 83.02.A.002 | Mountings and fittings for blinds | 40 | |
| 93.02.A.003 | Espagnolettes and the like | 40 | |
| 83.02.A.004 | Hinges | 40 | 20.68 |
| 83.02.A.005 | Hinges, except 004 and 009 | 40 | 10.68 |
| 83.02.A.006 | Locks without keys, latches and sash-bolts, including plates thereof | 40 | 21.31 |
| 83.02.A.999 | Other | 40 | |
| 90.28.B.059 | Photoelectronic door controls | 22.5 | |

(1) requires prior import permit from the Mexican Secretariat of Commerce and Industrial Development.

In addition to ad valorem duties, importers must pay a 5 percent export development tax and a 0.6 percent customs service fee based on the invoice value. A 15 percent value added tax is then applied to the total of the foregoing.

Foreign suppliers for Mexican Government agencies should be registered with the Mexican Secretariat of Programming and Budget (Federal Government Suppliers Roll) and with the Department of Parastatal Company for which it is a supplier. U.S. firms may register directly or through their local representatives. Most of the products bought by government agencies are subject to national or international bids. Sales of builders' hardware are made through local agents and distributors, normally operating on a commission basis. After-sales service, fast delivery times, geographical proximity, and credit terms are extremely important. Accordingly, local agents and distributors are important factors in getting into and operating in the Mexican market. Usual credit terms are 30 days (considered as cash by private firms) and 60-90 days (considered as cash by government agencies).

Joint ventures and/or licensing agreements involving U.S. and other foreign firms are common in Mexico. There are also possibilities for in-bond ("maquiladora") production. On a case-by-case basis, a portion of the production of in-bond plants can be sold in the Mexican market.

The prospects for American sales of builders' hardware in Mexico are rated "fair." There are many local manufacturers of these products, including such firms as Yale Lock, Tover, Papaiz, Cemex, Phillips, Corbin Hardware Group, Emhart, Schlage, Zeiss Ikon, for door locks and keys. Electronically operated doors are manufactured by Aume de Mexico, S.A. de C.V.; Overhead Door de Mexico, S.A.; American Automatic Door; Safety Door, S.A. de C.V.; Puertas Automatics Esme; and Seguridad y Control de Accesos, S.A. de C.V. (Valquin).

However, Mexican suppliers will need to improve quality control if they are to maintain their current 95 percent share of the builders' hardware products market. Mexico's adherence to GATT (General Agreement on Trade and Tariffs) will eventually permit greater access to the Mexican market by foreign suppliers. Foreign products will take an increased share of the Mexican market unless Mexican product quality is sharply improved.

A trade fair in Mexico that features builders' hardware products is the Industrial Hardware, Electrical, Transportation and Capital Goods Exhibition, which was held at the Hotel de Mexico on March 14-17, 1988. The organizing firm is Expocentro, Luz Savinon No. 13-204, 03100 Mexico, D.F. Telephone: (905) 543-1808. Mr. Juan Kahan is the president.

U.S. Exports of Builders' Hardware
to Mexico, 1982-87
(thousands of dollars)

| <u>Schedule B</u> | <u>1982</u> | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 646.9120 | \$ 357 | \$ 198 | \$ 249 | \$ 636 | \$ 254 | \$ 286 |
| 646.9140 | 4,983 | 11,689 | 17,132 | 8,449 | 6,037 | 9,828 |
| 646.9180 | 937 | 8,460 | 12,629 | 19,047 | 24,213 | 37,774 |
| 647.0820 | 1,215 | 1,133 | 1,726 | 1,665 | 1,486 | 1,953 |
| 647.0830 | 344 | 73 | 282 | 338 | 287 | 232 |
| 647.0840 | 1,512 | 805 | 1,313 | 2,643 | 4,272 | 4,009 |
| 647.0860 | 724 | 242 | 769 | 854 | 1,022 | 941 |
| Total | \$10,072 | \$22,601 | \$34,100 | \$33,631 | \$37,572 | \$55,023 |

ITIA Desk Officers: Melissa Coyle, Brent Fogt, Thomas Welch, (202) 377-4464,
Room H-3028

NORWAY

Since 1984 Norway has been experiencing a boom in its construction industry. Total investment in new commercial and residential buildings, including renovation, was approximately US\$11 billion in 1986. The annual growth in the construction industry market was 15 percent from 1984 to 1986. Future investment will most likely continue to grow although at a more moderate rate due to a slight decrease in the construction of commercial buildings.

The Norwegian market for builders' hardware (SITC 699 11 101-909 and SITC 699 13 100-909) is estimated at US\$73 million in 1986. Imports amounted to US\$54 million, of which about 5 percent came from the United States. Over the 1984-86 period, the annual growth in the builders' hardware market was 20 percent. The two major Norwegian manufacturers of locks and fittings (Trio-Ving and Grorud A/S) maintain a strong position in this market and account for the bulk of exports. In addition to domestic suppliers, major competition comes from Scandinavian and other European manufacturers.

Currently, there are about seven U.S. suppliers successfully operating in the Norwegian market through Norwegian importers and distributors.

Product standards information is available from the Norges Standardiseringsforbund (NSF), Hegdehaugsveien 31, P. O. Box 7020 HO, 0306 Oslo 3. The NSF's telephone number is (47 2) 46 60 90; its Telex and Telefax numbers are 19050 nsf n and (02) 46 44 57, respectively.

The Scandinavian Insurance Federation has established an approval body for locks, and testing takes place in Stockholm, Sweden. The address for additional information is FS A/B, 11587 Stockholm, Sweden.

The key trade associations are:

The Norwegian Hardware Dealers Association
Drammensveien 30
0255 Oslo 2, Norway
Mr. Einar Englund, President
Telephone: (47 2) 55 60 14

The Association of Norwegian Locksmiths
Austliveien 13
1400 Ski, Norway
Mr. Oddvar Andresen, President
Telephone: (47 2) 87 18 56

The Norwegian Electronics Importers Association
(electronically controlled locks)
Haakon 7 gt. 2
0161 Oslo 1, Norway
Telephone: (47 2) 42 17 72

Trade fairs that may be of interest to American companies include: Jernia (hardware, tools and kitchen equipment) at Sjolystsenteret, Oslo (which was last held November 3-5, 1987; the organizer is Jernia A/S (Norway's leading hardware chain), Floyssonneien 4, 1412 Sofiemyr, Norway) and Homes and Hobbies at Sjolystsenteret, Oslo (which was last held November 13-22, 1987; the organizer is the Norwegian Trade Fair Foundation, P. O. Box 130, Skoyen, 0212 Oslo 2, Norway).

After talking with major importers, distributors and trade associations, staff personnel of the U.S. Foreign Commercial Service in Oslo were left with the impression that the high end of the market for locks (security, residential locksets, cylinder locks) is the most promising one for U.S. suppliers. High-quality locks and lock systems with unique features have the best possibilities to overcome stiff competition from Scandinavian and other European firms. U.S. manufacturers of access control security locks should also have a promising market in Norway.

A list of the major Norwegian builders' hardware producers and major Norwegian importers and distributors of builders' hardware is available from the Building Materials and Construction Division, International Trade Administration, Room H-4045, U.S. Department of Commerce, Washington, DC 20230. The telephone number is (202) 377-0133.

U.S. Exports to Norway, 1982-87
(thousands of dollars)

| <u>Schedule B</u> | <u>1982</u> | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 646.9120 | \$ 39 | \$ 87 | \$ 75 | \$114 | \$ 53 | \$ 62 |
| 646.9140 | 70 | 50 | 79 | 30 | 57 | 54 |
| 646.9180 | 222 | 212 | 71 | 123 | 92 | 238 |
| 647.0820 | 128 | 58 | 55 | 23 | 36 | 115 |
| 647.0830 | 0 | 11 | 79 | 72 | 0 | 7 |
| 647.0840 | 71 | 66 | 13 | 7 | 12 | 2 |
| 647.0860 | 206 | 367 | 490 | 553 | 458 | 440 |
| Total | \$736 | \$849 | \$862 | \$922 | \$707 | \$918 |

ITA Desk Officer: James Devlin, (202) 377-4414, Room H-3413

Saudi Arabia

Saudi Arabia's import statistics for builders' hardware are found under these two major product headings:

| <u>Heading Number</u> | <u>Description of Product</u> |
|-----------------------|--|
| 8301 | Locks, padlocks (key, combination, or electrically operated), and parts thereof, of base metal; frames for locks, keys for any of the foregoing articles |
| 8302 | Base metal fittings and mountings for furniture, doors, staircases, windows (including automatic door closers); other fixtures such as hinges, door handles, pulls, stoppers, etc. |

In 1986, total Saudi imports of products classified under these two categories, which cover over 95 percent of all the builders' hardware, were as follows:

| <u>Number</u> | <u>Description</u> | <u>US\$ million</u> |
|---------------|-----------------------|---------------------|
| 8301 | Locks, padlocks, etc. | \$23.5 |
| 8302 | Fittings and fixtures | 30.4 |

The approximate size of the current Saudi import market for builders' hardware can be estimated at US\$73 million per annum, or 0.25 (one-fourth of one percent) of total Saudi imports, based on the annual average of total Saudi imports for 1982 through 1986, given in the following table.

| <u>Year</u> | <u>Total Imports</u> | <u>Percentage of Builders' Hardware Imports</u> | |
|-------------|----------------------|---|---------|
| | US\$ million | US\$ million | Percent |
| 1982 | \$ 37,156 | \$76.9 | 0.207 |
| 1983 | 36,111 | 81.8 | 0.227 |
| 1984 | 31,663 | 85.2 | 0.269 |
| 1985 | 22,817 | 65.0 | 0.285 |
| 1986 | 18,875 | 53.9 | 0.286 |

It is common knowledge that total Saudi imports of the oil-boom years fell drastically in 1985 and 1986, resulting in a corresponding decline in the value of builders' hardware imports (from nearly US\$77 million in 1982 to US\$54 million in 1986). However, the share of builders' hardware imports as a percentage of total Saudi imports has gradually increased over the same period. Although the pace of building, housing, major projects and infrastructure construction has slowed considerably in recent years, this increase in the share of total imports is probably due to the fact that builders' hardware is a recurring requirement, both for new construction and replacement/renovation needs. U.S. Embassy personnel predict that the builders' hardware share of the total Saudi market will remain at 0.3 percent (or about one-third of one percent) over the next three years. Based on this prediction, the near-term potential of the builders' hardware market in Saudi Arabia is estimated at US\$60 million to US\$70 million per annum at the current level of total Saudi imports. The long-term prospects appear to be better with the gradual recovery of the construction and industrial sectors; sales of builders' hardware fittings and fixtures to manufacturers of furniture, doors, windows, etc. will be especially strong.

The Saudi import tariff on builders' hardware is generally 7 percent ad valorem on CIF cost, whereas products imported for end-use by manufacturers are exempt from duty. With the increasing domestic production of furniture, doors/windows, kitchen cabinets, etc., the builders' hardware market is estimated to grow to US\$100 million by 1990.

Discounting some local fabrication of heavy shelving, hinges, and other small hardware items, there is virtually no domestic industry producing builders' hardware in Saudi Arabia. Nevertheless, American builders' hardware producers face tough competition with Italy, and in recent years, increasing competition of cheap supplies of these products from the Far Eastern countries. However, the U.S. has stood second to Italy as major supplier during the past five years (the U.S. was even with Italy in 1982). See the following table for major countries supplying builders' hardware to Saudi Arabia in 1982 and 1986.

Builders' Hardware - Major Sources of Supply
to Saudi Arabia, 1982 and 1986

| <u>Supplying Country</u> | 1982 | | 1986 | |
|------------------------------|---------------------|-----------------------------|---------------------|-----------------------------|
| | <u>US\$ million</u> | <u>Percent of Total</u> | <u>US\$ million</u> | <u>Percent of Total</u> |
| Italy | \$20.6 | 26.8% | \$15.2 | 28.2% |
| USA | 19.8 | 25.7 | 7.1 | 13.2 |
| West Germany | 5.6 | 7.3 | 5.1 | 9.5 |
| Japan | 4.7 | 6.1 | 3.0 | 5.6 |
| Taiwan | 4.5 | 5.9 | 3.3 | 6.1 |
| PRC | 2.7 | 3.5 | 2.8 | 5.2 |
| Subtotal | 57.9 | 75.3 | 36.5 | 67.8 |
| Others | 19.0 | 24.7 | 17.4 | 32.3 |
| Total | \$76.9 | | \$53.9 | |

In 1986, England and France together supplied builders' hardware valued at US\$7.2 million (13.4 percent share) to Saudi Arabia. The prevailing higher rates of European and Japanese currencies against the Saudi riyal and the consistent parity of the riyal with the dollar will tend to favor imports from the States. American suppliers should take advantage of the current exchange rate to introduce new-to-market builders' hardware products in Saudi Arabia.

There is no statutory law or requirement to specify builders' hardware products in building construction. However, large projects tendered by ARAMCO, Royal Commission for Yanbu and Jubail, and other Saudi government agencies often specify builders' hardware with an indication of particular foreign manufacturer or brand name. In most other cases, architects/engineers specify the builders' hardware, especially for hospital, hotel, airport, housing complex, university, and military projects. For private commercial and residential construction (particularly luxurious villas) the owners frequently specify their choice of a particular brand.

The Saudi Arabian Standards Organization (SASO), based in Riyadh, is responsible for the formulation and adoption of national standards for specific products. So far, none of the products under the builders' hardware category has been subject to SASO standards. However, in view of the Government's concern to control the influx of counterfeit goods, SASO may introduce standards for specific builders' hardware products, especially those for electronic and electrical builders' hardware devices. Currently, a wide range of electrical and electronic products must conform to SASO standards.

Since most builders' hardware products are imported into Saudi Arabia, it is essential that U.S. manufacturers appoint either exclusive or regional (Riyadh, Jeddah, Dhahran) agents/distributors in this market. For all Saudi

Government, ARAMCO and Royal Commission contracts, first preference is given to a Saudi agent/distributor. Direct sales to local construction contractors can also be eased if a Saudi agent is involved in the procurement. One reliable source known to the U.S. Embassy in Riyadh believes that a large portion of builders' hardware imports from the United States is destined for specific projects designed by American engineering firms familiar with U.S. products. Saudi agents, if involved in any trade deal, can expect to draw a commission in the range of 3 to 5 percent of the total transaction value.

Industry sources in Saudi Arabia are unanimous in forecasting a potential growth for all types of electronic access control units in Saudi Arabia and other Gulf countries. Evidence of increasing consciousness for safety and security is predominant in all sectors of the economy - industrial, commercial, residential, institutional, and most importantly, defense. Electromagnetically or electronically controlled security lock systems will be in demand for all strategic and sensitive areas. Access card and push-button lock systems are gradually being installed in various types of buildings, in some cases to reduce cost of permanent security guards. At the same time, one builders' hardware dealer expressed positive interest in an American brand of lock systems. He thinks they would be ideal for owners of hotels, apartment buildings, and supervisors responsible for inspecting large numbers of locked electrical transformer points.

The most appropriate local trade event for participation by U.S. firms to promote their builders' hardware are the "SaudiBuild" exhibition shows held every 2 years. The last one was in Riyadh from October 18-22, 1987. For information on these shows, contact Overseas Exhibition Services Ltd., 11 Manchester Square, London W1M SAB, England.

A spokesman for the American Embassy states that U.S. builders' hardware brand name products are preferred in Saudi Arabia because of their durable and attractive qualities and that they are used in many large-scale prestigious projects in that country. He further notes that architects and contractors realize that the extra cost for high quality builders' hardware in a multi-million dollar construction project accounts for an infinitesimal portion of the total building cost.

While American builders' hardware products have a well-established presence in Saudi Arabia, especially through large construction projects, there appears to be a lack of "fast-moving" U.S. hardware items (padlocks, lock sets, hinges) through Saudi Arabia's wholesale/retail distribution channels. Increasing competition from Italy and the cheap--and, in some instances, counterfeit--products from the Far East have virtually commandeered the retail market. However, the overall prospects for the sales of American builders' hardware remain fairly good. A Saudi builders' hardware dealer remarked to an American embassy staff member that lack of effort by U.S. manufacturers to explore this market and a negative attitude toward answering inquiries have apparently reduced the U.S. share of this market.

Efforts to encourage the exports of builders' hardware of U.S. origin should be the first priority, according to the American Embassy in Riyadh. Staff personnel there have offered to prepare a list of potential Saudi importers of builders' hardware for U.S. companies. Those interested in receiving such a list should first contact the Building Materials and Construction Division, Trade Development, Room H-4045, U.S. Department of Commerce, Washington, D.C. 20230 (telephone: 202-377-0133)

In the near future, prospects for manufacturing builders' hardware with U.S. technology appear to be dim, since almost all components will have to be imported. Also, the value-added factor is totally negative, and the cost of assembling components into finished products will be high due to expensive labor costs. Local assembly or manufacturing of these products is not feasible now in view of the relatively small domestic market and the fact that the wide range of imported products allows a client the choice of multiple selection.

U.S. Exports of Builders' Hardware
to Saudi Arabia, 1982-87
(thousands of dollars)

| <u>Schedule B</u> | <u>1982</u> | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 646.9120 | \$ 281 | \$ 116 | \$ 224 | \$ 63 | \$ 27 | \$ 16 |
| 646.9140 | 1,986 | 2,228 | 2,197 | 2,132 | 1,050 | 718 |
| 646.9180 | 1,621 | 1,439 | 1,101 | 748 | 376 | 324 |
| 647.0820 | 2,927 | 1,403 | 1,787 | 608 | 464 | 799 |
| 647.0830 | 1,665 | 3,985 | 717 | 798 | 466 | 267 |
| 647.0840 | 22,054 | 9,115 | 8,021 | 3,468 | 1,498 | 688 |
| 647.0860 | 7,597 | 8,385 | 12,774 | 7,472 | 3,187 | 1,479 |
| Total | \$38,138 | \$26,671 | \$26,821 | \$15,288 | \$7,070 | \$4,291 |

ITA Desk Officer: Cynthia Anthony, (202) 377-4652, Room H-2039

SOUTH KOREA

The size of the current market for builders' hardware products in South Korea is approximately US\$30 million. The annual market growth rate is approximately 15 percent.

Local private industries producing builders' hardware have not been active in developing new styles of these products. However, they plan to increase their investment, using government financial support.

Thirteen domestic companies manufacture builders' hardware products in South Korea. They are Sam Hwa Precision Company, Jae Il Precision Company, Hyundai Precision Company and 10 other small firms.

Countries that currently export to South Korea are Austria, Denmark, France, Great Britain, Italy, Japan, Sweden, United States, and West Germany.

Product standards are available by contacting (in order of priority): owners, architects and engineers, manufacturers, and the Industrial Advancement Administration. The latter is a government agency; its address is 2 Chungang-Dong, Kwach, on Kyongtgg, Seoul.

It is advisable to use a sales agent in selling in South Korea. Also, dealing directly with wholesalers and retailers is sometimes advisable.

The Korea Association of Housing Construction Business operates a standing exhibition for building materials, including hardware, in Seoul, and plans to develop a very large space for this exhibition outside that city. Mr. Yim, Jeung Soon, the General Manager of this organization, says that if U.S. firms wish to display their products, they can use limited space with the approval of the association. The address of the association is 71-2, Non Hyun Dong, Kang Nam Ku, Seoul, Korea. Contact: General Manager Yim, Jeung Soon, Business Department. Telephone: (02) 547-1835 or (02) 548-1077.

There is a potential market for access control units in South Korea; however, because of a lack of understanding regarding the necessity and importance of access control units for Korean industries and organizations, demand for such products has been quite small. Many local industries are not yet familiar with such units and there is no domestic producer currently making these units.

The commercial officer at the U.S. Embassy in Seoul advises that the prospects for sales of American builders' hardware products in South Korea are good. She therefore advises that American firms should try to export more, adding the caveat that prices should be competitive and firms should aim at the high quality market. Mr. Yim adds that technology transfer through joint ventures with Korean manufacturers is preferred over licensing arrangements.

U.S. Exports of Builders' Hardware
to South Korea, 1982-87
(thousands of dollars)

| <u>Schedule B-</u> | <u>1982</u> | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 646.9120 | \$ 105 | \$ 174 | \$ 102 | \$ 198 | \$ 110 | \$ 172 |
| 646.9140 | 616 | 711 | 358 | 733 | 891 | 1,218 |
| 646.9180 | 323 | 293 | 630 | 449 | 385 | 572 |
| 647.0820 | 322 | 240 | 249 | 855 | 801 | 677 |
| 647.0830 | 46 | 144 | 237 | 63 | 303 | 348 |
| 647.0840 | 70 | 257 | 712 | 989 | 216 | 964 |
| 647.0860 | 346 | 1,493 | 1,783 | 2,413 | 3,071 | 1,763 |
| Total | \$1,829 | \$3,311 | \$4,072 | \$5,699 | \$5,777 | \$5,714 |

ITA Desk Officers: Karen Chopra, Scott Goddin, (202) 377-4958, Room H-2034

Sweden

The value of construction work in Sweden in 1986 amounted to some US\$18,000 million (based on an exchange rate of Skr 7 to the US\$), comprising about 14 percent of the Swedish gross national product.

Sweden had 3.8 million housing units in 1985, of which 1.7 million were houses. In 1986 the yearly average rate of housing unit production was just under 30,000. The production rate was expected to increase to 33,000 in 1987 and 1988. However, annual production rates in recent years are considerably below the record of 110,000 started in 1970.

As regards nonresidential building construction, most of this is concentrated in Stockholm, the capital and largest city, and Gothenburg, the second largest city. The total area of premises other than dwellings in Stockholm amounts to 23 million square meters. An increase of an additional 2 million square meters is planned in the next 5 years, but may have to be cut back because of a foreseen shortage of housing units in Stockholm.

Nonresidential construction in Gothenburg has been growing rapidly in recent years. The city's hotel capacity has increased by 50 percent in 2 years, and an additional 25 percent rise is planned in the near future. In addition to the need for new residential construction, a great need for both modernization and new construction of other types of buildings throughout the country is needed.

The following table shows the production value of construction in Sweden (in US\$ billion):

| | <u>1980</u> | <u>1982</u> | <u>1984</u> | <u>1986</u> |
|---------------------------|-------------|-------------|-------------|-------------|
| Dwellings | 2.7 | 2.3 | 2.3 | 2.2 |
| Other building | 2.6 | 3.0 | 3.3 | 3.7 |
| Dwellings, reconstruction | 0.7 | 1.1 | 1.6 | 3.0 |
| Repairs, maintenance | 2.7 | 3.6 | 4.5 | 5.4 |

Source: "Swedish Construction Activities--at Home and Abroad," Swedish Engineering (The Swedish Society of Civil Engineers, SVR, Stockholm), 1987, pp. 8-9.

There are no available statistics on the size of the builders' hardware market in Sweden, but over the past 7 years this market has averaged a little over \$1 million annually in imports of these products from the United States.

The U.S. Commercial Service staff in Stockholm reports that the architect for a building specifies the hardware and is the primary buying influence.

Product standards can be obtained from Standardiseringskommissionen I Sverige (the Swedish Standards Institute), Box 3295, S-103 66 Stockholm.

In selling in Sweden, it is advisable to use a wholesale supply dealer.

The major building/construction trade fair is Nordbygg (Nordic Building Fair), which is held every second year. The last exhibition was held January 19-24, 1988 in Stockholm. For additional information, contact Stockholm International Fairs, Massvagen #1, S-12580, Stockholm, Sweden.

The market for the newer types of security systems seems limited, and since the technology is new to Sweden, it is difficult to make accurate predictions, according to U.S. Embassy personnel there.

U.S. Exports of Builders' Hardware
to Sweden, 1982-87
(thousands of dollars)

| <u>Schedule B</u> | <u>1982</u> | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 646.9120 | \$ 82 | \$ 42 | \$ 16 | \$ 27 | \$ 12 | \$ 18 |
| 646.9140 | 52 | 24 | 92 | 11 | 44 | 15 |
| 646.9180 | 445 | 323 | 175 | 163 | 128 | 237 |
| 647.0820 | 833 | 682 | 389 | 568 | 412 | 430 |
| 647.0830 | 3 | 40 | 16 | 44 | 70 | 30 |
| 647.0840 | 46 | 25 | 84 | 244 | 25 | 11 |
| 647.0860 | 27 | 30 | 58 | 79 | 120 | 253 |
| Total | \$1,488 | \$1,167 | \$ 830 | \$1,136 | \$810 | \$994 |

Desk Officer: James Devlin, (202) 377-4414, Room H-3413

TAIWAN

According to a market report prepared for the U.S. Department of Commerce, Taiwan's import market for builders' hardware is expected to grow 44 percent from 1984 to 1989. This increase is based on a growing domestic market for high-quality, foreign-made door and window hardware, hinges and cabinet hardware, the bulk of which is used in the construction of luxury high-rise buildings. In 1985, American manufacturers had nearly 20 percent of Taiwan's import market for builders' hardware; however, the U.S. share of the market was expected to slowly decline because of competition from the Japanese, whose builders' hardware products are considered very price competitive with U.S. brands and of equal or superior quality. Any price "edge" that American firms can get by means of lower import duties likely will enable them to keep their share of Taiwan's market, and perhaps even increase it slightly.

U.S. Exports of Builders' Hardware to Taiwan, 1982-87

| <u>Schedule B</u> | <u>1982</u> | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 646.9120 | \$ 24 | \$ 7 | \$ 1 | \$ \$13 | \$ 25 | \$ 10 |
| 646.9140 | 235 | 239 | 188 | 233 | 364 | 274 |
| 646.9180 | 146 | 790 | 175 | 143 | 375 | 325 |
| 647.0820 | 24 | 108 | 93 | 220 | 26 | 154 |
| 647.0830 | 8 | 7 | 80 | 127 | 623 | 388 |
| 647.0840 | 64 | 20 | 291 | 210 | 117 | 133 |
| 647.0860 | 180 | 178 | 272 | 119 | 172 | 181 |
| Total | \$682 | \$1,348 | \$1,099 | \$1,065 | \$1,702 | \$1,465 |

ITA Desk Officers: Daniel Duvall/Jeff Hardee, (202) 377-4957, Room H-7034

THAILAND

According to industry sources contacted by personnel at the U.S. Embassy in Bangkok, the Thai market for builders' hardware is estimated at about 400 million Baht (approximately US\$16 million). The market for padlocks and residential locksets accounts for 60 to 65 percent of the total market, while the rest is shared by other hardware items. The annual growth rate for this industry is estimated at about 5 to 6 percent.

There are three major local manufacturers now producing padlocks, residential locksets, and other builders' hardware items. These three factories currently supply about 75 to 80 percent of total domestic demand.

There are two market levels for builders' hardware in Thailand, one for imported premium grade (brand loyalty) such as "Yale" and "Schlage" and another for low quality and/or locally made products. The specifications for premium products are normally made by architects, while the low quality products are usually selected by end users.

Access control units, in terms of value, account for 5 to 10 percent of the total market. Although the size of the market is small, future prospects are promising.

In order to maintain market share of U.S. builders' hardware products in Thailand, an active sales agent is suggested for new-to-market or new-to-export American firms.

Prospects for American sales of builders' hardware products in Thailand are rated as "fair" by the Embassy.

U.S. Exports of Builders' Hardware to Thailand, 1982-87 (thousands of dollars)

| <u>Schedule B</u> | <u>1982</u> | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 646.9120 | \$ 42 | \$ 17 | \$ 27 | \$ 5 | \$ 23 | \$ 7 |
| 646.9140 | 454 | 254 | 178 | 719 | 371 | 324 |
| 646.9180 | 48 | 27 | 153 | 14 | 40 | 85 |
| 647.0820 | 23 | 34 | 159 | 37 | 178 | 96 |
| 647.0830 | 50 | 20 | 39 | 36 | 11 | 0 |
| 647.0840 | 79 | 51 | 78 | 1 | 10 | 28 |
| 647.0860 | 352 | 463 | 441 | 560 | 217 | 182 |
| Total | \$1,048 | \$867 | \$1,075 | \$1,372 | \$850 | \$722 |

TTA Desk Officers: Donald Ryan, Linda Droker, (202) 377-3875, Room H-2032

TURKEY

The rapid growth of the Turkish economy since the adoption of free-market policies in 1983 has launched the country on a course of industrial development requiring major expansion of the country's infrastructure.

The annual construction budget of US\$2.5 billion, the Government's low-cost housing fund of US\$600 million, and construction projects within the ministries of health and education and foreign investment, are expected to finance, among others, a construction program to include the building of one million new housing units within the current Five Year Development Plan and the construction of new hotels and holiday villages.

The commercial staff at the U.S. Embassy in Ankara reports that Turkey currently does not have a significant import market for builders' hardware since many of these products are locally produced. However, U.S. exports of certain technologically-advanced products can be increased by establishing agent/distributor relations and by making licensing and/or joint-venture arrangements.

The value of builders' hardware imported into Turkey in 1986 was approximately \$2.5 million, of which padlocks, locks and lock sets, keys and key blanks, door controls, closers, etc. constituted \$1.4 million in sales. Therefore, American companies should concentrate their export efforts on these products.

Although no dramatic market growth potential for imports of builders' hardware in the near future is expected, because many of these items are locally manufactured and the country has not reached a level of sophistication to use the more technologically-advanced products, the Turkish contractor has an open mind to new products and it is certain that novel and advanced builders' hardware products will be introduced at a gradual pace over a period of 2 to 5 years.

The principal foreign competitors--in order of market share--are West Germany (69 percent, largely door controls, closers, keys and key blanks, lock sets); England (11 percent, mostly locks and lock sets); and Italy (3 percent, largely door controls, closers, padlocks, keys and key blanks). The United States has about 13 percent of the import market, with most of its export sales being door controls, closers, locks and lock sets.

In Turkey, generally the architect and/or the contractor specifies the hardware for a building. The primary buying influence is that of the owner; however, in important and big building projects, recommendations of the architect may have significant influence on the decision of the owner regarding the specification of the hardware.

Information on product standards can be obtained from the Turkish Standards Institute at the following address: Turk Standardlar Enstitusu, Necatibey Caddesi, Ankara, Turkey. Telephone: 125 41 01; Telex: 42047 TSE TR.

For effective marketing of builders' hardware it is advisable to use local agents. It may also be useful to deal with wholesale supply dealers, since some of these dealers can import directly from manufacturers once they see the market potential. The primary role of the agent is to bring the new and more advanced products to the attention of importers and wholesalers, since very few agents in Turkey import. They prefer to work on a commission basis between the importer and the exporter.

Interested U.S. companies can exhibit their products at the Istanbul International Building and Construction Materials Exhibitions, the latest of which was held January 6-10, 1988 at the Istanbul Hilton Exhibition Center. In the opinion of Embassy staff, certain technologically-advanced control units such as the newer types of security locks which are electromagnetically or electronically operated can be profitably exhibited at this fair by American firms. Although it is not a requirement, they recommend that U.S. companies which intend to exhibit at this trade fair appoint agents in Turkey, since agents can greatly facilitate participation and operation formalities, as well as determine and alert potential Turkish buyers and importers regarding the particular requirements of exporters.

For detailed information on the Construction-Turkey 88 Exhibition, interested American companies can write to the following addresses:

Mr. Stephen Luff
Overseas Exhibition Services,
Ltd.
11 Manchester Square
London W1M 5AB, England

Telephone: 01-486 1951
Telex: 24591 Montex G
Fax: 01-935 8625

Mr. Cem Aydin
Interteks International
Mimar Kemal Oke Cad. No. 10
80200 Nisantasi
Istanbul, Turkey

Telephone: 133 08 94
Telex: 22377 Inas TR

There is a potential market for access control units. Turkey is slowly turning to more sophisticated security systems and devices as the country becomes more industrialized and larger hotels, luxury apartments and office buildings are built.

Properly cultivated, the Turkish market can gradually absorb technologically-advanced builders' hardware products, provided they are of good quality and not abnormally expensive.

Although an import market can be developed by employing good agents and locating direct importers, there may be possibilities of licensing and joint-venture arrangements regarding certain hardware components and technology.

U.S. Exports of Builders' Hardware
to Turkey, 1982-87
(thousands of dollars)

| <u>Schedule B</u> | <u>1982</u> | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 646.9120 | 0 | 0 | \$ 4 | 0 | 0 | 0 |
| 646.9140 | 0 | 0 | 31 | \$10 | \$10 | \$321 |
| 646.9180 | 3 | 4 | 10 | 23 | 29 | 41 |
| 647.0820 | 0 | 4 | 5 | 2 | 56 | 10 |
| 647.0830 | 0 | 8 | 0 | 0 | 0 | 0 |
| 647.0840 | 0 | 0 | 0 | 0 | 0 | 15 |
| 647.0860 | 14 | 0 | 0 | 2 | 0 | 21 |
| Total | \$17 | \$15 | \$51 | \$37 | \$95 | \$408 |

ITA Desk Officer: Geoffrey Jackson, (202) 377-3945, -3042

UNITED KINGDOM

The following information was obtained by U.S. Embassy personnel in London from the Guild of Architectural Ironmongers (Secretary: Mr. P. Spill), 8 Stepney Green, London E1, the membership of which consists of wholesale stockists and distributors of builders' hardware and architectural ironmongery. Its members manufacture and/or sell all types of builders' hardware. The Guild is not associated with do-it-yourself products.

The total market for builders' hardware (including that sold through builders' merchants) is estimated at 500 million pounds Sterling (US\$750 million). GAI members have a share of 150-200 million pounds Sterling (US\$225-300 million). Export figures are not included in these data.

The growth potential for builders' hardware in the United Kingdom depends on future growth within the building industry. There has been a substantial decline in house building completions from 240,000 in 1980 to 212,000 units in 1984 (the latest data available). The growth in the general improvement category of the do-it-yourself market from 924 million pounds Sterling in 1980 to 1,336 million pounds Sterling in 1984 has also acted as a brake on sales of conventional builders' hardware through conventional channels, although overall sales of these products are growing, primarily through the do-it-yourself market.

Access control units imported from the United States already sell well in a growing market.

There are substantial imports of builders' hardware products from Germany, Italy, India, Australia, and the United States. For example, in 1985 imports of base metal locks and padlocks totaled 28 million pounds Sterling. For this total, imports from Germany were 8 million; Italy, 2 million; Hong Kong, 2 million; USA, 5 million; other countries, 11 million.

Specifications determinations are made by the architect, who gives a brief to the ironmonger. The merchant specifies a detailed door-by-door schedule.

Information on product standards can be obtained from the Guild, which works with the British Standards Institute. Product standard BS 8220 on the security of buildings against crime was published recently.

U.S. firms are advised to use a sales agent in the role of stockholder. A distributor may act as agent, taking a product into his own schedule and appointing sub-distributors for other regions.

"InterBuild," an international building construction exhibition, is held every other year at Birmingham and may be of interest to U.S. builders' hardware producers. For information on this trade fair, contact Interbuild Exhibition Ltd., 49 Calthrope Road, Birmingham B15 1TH.

Prospects for future growth of American builders' hardware products are partly dependent on the exchange rate.

A study of potential for a specific product/product range can be carried out in the United Kingdom by personnel in the American Embassy through the Comparison Shopping Service (CSS). It would lend itself to a study of the builders' hardware market, Embassy personnel point out.

U.S. Exports of Builders' Hardware
to the United Kingdom, 1982-87
(thousands of dollars)

| <u>Schedule B</u> | <u>1982</u> | <u>1983</u> | <u>1984</u> | <u>1985</u> | <u>1986</u> | <u>1987</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 646.9120 | \$ 177 | \$ 260 | \$ 115 | \$ 261 | \$ 300 | \$ 768 |
| 646.9140 | 1,001 | 1,096 | 1,215 | 919 | 781 | 805 |
| 646.9180 | 6,402 | 4,710 | 4,712 | 3,484 | 4,012 | 4,346 |
| 647.0820 | 981 | 725 | 991 | 826 | 817 | 1,045 |
| 647.0830 | 225 | 168 | 261 | 285 | 244 | 169 |
| 647.0840 | 1,228 | 685 | 681 | 544 | 657 | 685 |
| 647.0860 | 2,130 | 1,402 | 1,107 | 1,595 | 1,206 | 1,529 |
| Total | \$12,145 | \$9,045 | \$9,082 | \$7,914 | \$8,018 | \$9,347 |

ITA Desk Officer: Robert McLaughlin, (202) 377-3748, Room H-3049

CHAPTER III

EXPORT ASSISTANCE OFFERED BY THE DEPARTMENT OF COMMERCE

Section I. Trade Promotion Programs and Services Offered by the U.S. and Foreign Commercial Service

The U.S. and Foreign Commercial Service (US&FCS) of the Department of Commerce offers a variety of programs and services to help American exporters compete more effectively in the world marketplace.

As the U.S. Government's only international trade agency with a worldwide network of trade specialists, both domestically and overseas, the US&FCS gathers current trade leads, marketing information and trade contacts, and makes this information available to American companies from international trade specialists in district and branch offices located throughout the United States. See page 56 for a listing of these offices.

The "(DBO)" appearing alongside the name of a program or publication indicates that information on it can be obtained from the U.S.-based US&FCS trade specialists. Two programs, Trade Dispute Assistance and Export Seminars, are administered solely by the District Offices and are so indicated by "(DO)."

MARKET RESEARCH

A company's first step to successful exporting is to identify the best markets for its product or service. Under the guidance of the US&FCS, experienced research analysts in foreign countries continually collect and analyze commercial intelligence. They gather data on specific export opportunities and identify market trends affecting trade and investment.

If one wants to know how the products his or her company makes are selling around the world--which markets are growing the fastest, which ones are changing, or which ones want to buy more of his or her firm's products, the US&FCS has the answers (for the most active U.S. industries) in both statistical and narrative form. In addition, the US&FCS can provide information on:

- o Tariff and non-tariff trade barriers, import regulations, policies, and product standards;
- o Domestic and foreign competition, individual competitor firms, and competitive factors;
- o Distribution practices;

- o End users;
- o How and through what media products are effectively promoted in the market.

Custom Statistical Service (DBO)

--provides the trade data one needs to evaluate potential foreign markets, work that can be tedious and time-consuming. Available figures on imports and exports often are not arranged in a useful format or focused to reveal just what a company wishes to know for its export planning efforts. In that situation, the company could benefit by asking the trade specialists of US&FCS to do the extraction and formatting of trade data for it.

With US&FCS's Custom Statistical Service (CSS), the wealth of trade statistics available in Washington now can be provided in the breakdowns a marketing person needs and for just the products and countries in which he or she is interested. Using both U.S. and U.N. sources and sophisticated software programs, the Commerce Department can provide up-to-date trade data on thousands of individual products and over 200 countries. CSS personnel have the flexibility to compute the data by dollar value, quantity, unit value, market share percentages, or in varying periodicity, such as monthly, quarterly or annually.

Through the use of the Customized Statistical Service one can specify the table construction that will readily show the top markets for a company's products, the top products for any given country, each country's share percentages, and sales or trends to be identified.

Custom orders' costs range from \$10.00 and up, depending on the amount of data needed and the complexity of the job.

Comparison Shopping Service (DBO)

--provides custom-tailored research on key marketing and foreign representation information about a company's specific "off-the-shelf" products in select countries. US&FCS staff conduct personal interviews to determine nine key marketing facts about a company's products, including sales potential in the market, comparable products, distribution channels, going price, competitive factors, and qualified purchasers. The cost is \$500 per country. The US&FCS currently offers this service in 14 countries: Brazil, Canada, Colombia, France, Germany, India, Indonesia, Italy, Korea, Mexico, the Philippines, Saudi Arabia, Singapore, and the United Kingdom. More countries will be added later.

Commercial Information Management System (CIMS) (DBO)

--links the information resources of the Commerce Department's worldwide network of trade specialists to provide the U.S. business community with timely, accurate, and in-depth marketing data. Using a CIMS search strategy that combines Standard Industrial Classification codes and keywords, a Commerce Department trade specialist can selectively combine narrative and statistical and export sales opportunities to create a comprehensive export information package for the industry or product and country specified, at the detail level needed. These customized retrievals are provided in a variety of printed and electronic formats. The price varies with output format.

International Market Research Reports (DBO)

--are in-depth studies, based on precise specifications, conducted on-site by contracted consultants or by personnel of U.S. diplomatic posts. A report includes information such as market outlook, competition, users, distribution, sales promotion, trade barriers, and statistics. The following International Market Research Reports covering the building products and services industries are now available: Canada, China, Germany, Japan, Netherlands, Saudi Arabia, and Taiwan.

MARKET CONTACT

Making contact with potential agents, distributors, buyers, and joint-venture partners is essential to the export process. Whether one has decided on a particular market or is still looking for the best one, the US&FCS can help.

Agent Distributor Service (DBO)

--is a customized overseas "search" for interested and qualified foreign representatives on behalf of a U.S. exporter. U.S. commercial officers abroad identify foreign prospects that have examined the U.S. firm's product literature and have expressed interest in representing its products. The cost is \$90 per market.

Trade Opportunities Program (TOP) (DBO)

--provides timely sales leads from overseas firms seeking to buy or represent U.S. products and services; these leads are gathered through local channels from U.S. commercial officers worldwide. Lead details, such as specifications, quantities, end-use, and delivery and bid deadlines, are delivered daily to Washington and then made available electronically within 24 hours directly to the U.S. business community. Multiple groups, such as trade associations, publishers, and other private sector distributors are encouraged to access TOP leads for further dissemination in printed or electronic form.

Currently, private sector distributors of TOP leads include the Journal of Commerce, 110 Wall Street, New York, NY 10005, Attn: John Hoey (800) 221-3777; COMPUSERVE, 1655 North Fort Myer Drive, Arlington, VA 22209, Attn: Michael Mahoney, (703) 524-6900; and SIGNET (The Merchantile Industrial Exchange), 2114 East Robinson Street, Orlando, FL 32802, Attn: Eric Bolves (305) 894-1002.

Export Mailing List Service (DBO)

--identifies foreign manufacturers, agents, distributors, retailers, importers and other contacts. Each listing includes the firm's name and address, cable and telephone numbers, name and title of an official, product/service interests, as well as additional data. These on-line customized retrievals are based on the criteria the requester specifies. The cost varies, depending on the number of names.

World Traders Data Reports (WIDR) (DBO)

--are background reports on individual foreign firms, containing information about each firm's business activities, its standing in the local business community, its credit-worthiness, and its overall reliability and suitability as a trade contact for U.S. exporters. WIDR's, prepared by overseas personnel of the U.S. Foreign and Commercial Service, are designed to help U.S. firms evaluate potential foreign customers before making a business commitment. WIDR's cost \$75 per report.

WIDR's are not available on firms located in Soviet Bloc countries, in countries with which the United States has no diplomatic relations, in Puerto Rico, Guam, the United States or any of its trust territories. WIDR's also may not be available where equivalent background information can be readily obtained from reliable commercial sources, e.g., the United Kingdom. Contact the Richmond, Virginia District Office for information on obtaining alternative sources of background information on companies located in the UK.

Commercial News USA (DBO)

--is a magazine of the Department of Commerce that promotes U.S. products and services with an emphasis on new product development. One can search for his or her firm's best markets worldwide by placing a brief description and picture of its products in this magazine. (Additional information on this publication is in the section that follows.)

MARKET PROMOTION

New Product Information Service (NPIS) (DBO)

--provides worldwide publicity for new U.S. products available for immediate export. To be eligible for this service, products must not have been on the U.S. market for more than three years. NPIS export information is

disseminated through Commercial News USA, a catalog magazine published 10 times a year. More than 105,000 copies of Commercial News USA are circulated in overseas business communities by the U.S. and Foreign Commercial Service and the economic sections of certain State Department offices. Most of the issues are circulated in major markets to agents, distributors, government officials, business executives and end-users. This exposure enables foreign firms to contact U.S. exporters of specific products, provides an indication of market interest and often generates sales and agent contracts. The minimum cost of this service is \$150 per product. A regional targetting option is an additional \$20 for each region selected. The regions are: Eastern Europe; Western Europe; Mexico, Central America, Caribbean; Canada; South America; Asia and Oceania; North Africa, Near East, South Asia; and Africa (Sub-Sahara). Multiple listings are now available within the same 12-month period.

Beginning with the January 1987 issue, Commercial News USA started making available various sizes of listings for the New Product Promotion Service. These listings are an expansion of the usual 60-80 word product descriptions and contain more detail about the product, larger headlines, two or more photographs, captions, display type, border graphics, etc. The new fee for firms requesting larger listings are one-third page, \$400; two-thirds page, \$800; full page, \$1,200; two full pages, \$3,000; and inside back cover, \$2,000.

Trade Shows (DBO)

--are overseas promotions that are organized and recruited by the U.S. Department of Commerce. The shows are either industry specific (vertical) or general (horizontal), and are scheduled worldwide. The shows are usually of two types: U.S. exhibitions and international trade fairs.

U.S. exhibitions (solo exhibits) are shows which are initiated and staged by the Commerce Department and which feature only U.S. exhibitors and their products. These exhibitions are frequently held in the Department's overseas trade event facilities (Export Development Offices).

U.S. exhibitions are built around a product theme selected on the basis of extensive market research. Technical seminars often are held in conjunction with exhibitions to stimulate further interest in the products and help boost sales. Prior to each exhibition, the Department's overseas staff conducts a market promotion campaign that includes identification of all prospective customers and agents in the marketing area, publicity in appropriate media, and individual calls on the most promising sales prospects. Exhibitors bear the cost of shipping display products to the exhibition and providing one or more representatives to staff the booth. In addition, each exhibitor makes a contribution to the Department to cover space rental and other direct costs the Department incurs in staging the exhibition.

International trade fairs are shows in which the Commerce Department establishes a U. S. section or pavilion, featuring U.S. products and exhibitors. The objective here is to create a separate U.S. identity at an event. As with solo exhibits, overseas staff conduct extensive promotion efforts on behalf of participants, and participants bear the costs of shipping goods and manning booths. The cost of participation in a trade show varies, but for companies who have the resources, these trade shows can be one of the most cost-effective ways of developing an export market.

In addition to trade shows that Commerce directly manages, the International Trade Administration also recognizes leading industry-oriented overseas trade fairs organized and operated by private sector organizations that meet certain requirements. Trade associations, exhibition management companies, trade fair operators, and other private sector organizations that organize and manage international fairs are eligible to participate in the program. If certification is granted, Commerce provides the organizations with assistance and counseling on promoting their exhibitions.

(The Building Materials and Construction Division, Trade Development, maintains a list of construction-related trade shows around the world. To obtain a free copy, write to the Division, Room H-4045, U.S. Department of Commerce, Washington, D.C. 20230, or telephone: (202) 377-0133.)

Catalog and Video-Catalog Exhibitions (DBO)

--are means whereby a company can gain market visibility without leaving its home office. These are flexible kinds of exhibitions that provide U.S. industry with an effective technique to give products low-cost exposure overseas, particularly in those developing markets where major industry exhibitions are not feasible. These exhibitions also test the saleability of products, develop sales leads, and identify potential buyers, agents, or distributors. Both are held at U.S. embassies or consulates or in conjunction with trade shows. In a catalog exhibition the display consists of product catalogs, sales brochures, and other graphic sales aids. A catalog/video exhibition is a video tape presentation. An industry technical representative is on hand at all catalog and catalog/video exhibitions to talk with potential buyers and answer their questions.

Foreign Buyer Program

--allows American business personnel to meet qualified foreign purchasers for their goods and services without the expense of traveling abroad. The US&FCS promotes select shows to attract foreign buyers and counsel participating U.S. firms, bringing together buyers and sellers.

This program is administered by the Export Promotion Services Division, U.S. and Foreign Commercial Service, Room H-2118, U.S. Department of Commerce, Washington, DC 20230 (202) 377-0871.

Trade Missions (DBO)

--have been developed by the US&FCS to help selected groups of business representatives who wish to visit potential buyers, agents and distributors in foreign countries to promote their products and services. These are overseas sales promotion trips arranged and recruited by the Department of Commerce. Each trade mission will usually visit three countries in a geographic region, with three working days spent in each country. The missions are industry specific (i.e., computers, process control equipment, etc.) and are limited to representation from 8-12 companies. At each stop on the mission's itinerary, pre-arranged business appointments are scheduled for each participant by commercial specialists of the U. S. Foreign and Commercial Service. Mission members are responsible for their own expenses (i.e., airfare, hotel, meals) and a contribution to defray direct general mission expenses.

There are three types of trade missions:

"Specialized Trade Missions" are planned, organized, and led by Department of Commerce personnel who bring groups of U.S. business people into direct contact with potential foreign buyers, agents, and distributors. ITA/ED selects product lines and itineraries that appear to offer the best potential for export sales; it coordinates the trips and provides detailed marketing information, planning, and publicity. Participants in the mission pay their own expenses and a share of the direct costs of running the mission overseas.

"Seminar Missions" promote sales of sophisticated products and technology in markets where sales can be achieved more effectively by presenting technical seminars or concentrating on concepts and systems. They feature one- and two-day presentations by a team of American industry representatives who conduct discussions on the technology of their industry. They also address pertinent development or industrial problems of the host country. The balance of the mission is devoted to appointments and other sales efforts that are normally associated with specialized trade missions.

"State/Industry Organized Government Approved Trade Missions" are organized and led by trade associations, chambers of commerce, State developmental agencies, and similar groups with the advice and support of the International Trade Administration's Export Development unit. The overseas operations of these missions are similar to those of specialized trade missions.

Matchmaker Trade Delegations (DBO)

--are big, high-visibility trade delegations organized to introduce U.S. firms to new markets. The program was developed by the Department of Commerce to assist U.S. firms ready to explore new overseas targets for their products and services. A limited number of potential host countries are selected each year according to the results of global surveys and on the recommendations of the

Department's overseas commercial personnel. In-depth studies of each selected market then suggest specific themes. Each theme concentrates on end user sectors which provide the best opportunities for introduction of U.S. products. Specific focus is placed on the establishment of commercial representation links between U.S. exporters and overseas agents and distributors qualified to handle their products and services. Matches are made when joint ventures or licensing agreements can best serve U.S. interests.

Agents and distributors in a foreign market are "matched" with participating U.S. companies for discussions on distribution of the company's products in that market. While not primarily product exhibitions, each participating U.S. company is set up in a booth where portable, desktop displays may be used to make demonstrations and presentations, if desired.

Business-Sponsored Promotions (DBO)

--provide trade associations and individual firms or their agents with facilities for product exhibitions, conferences, and seminars. For further information on available facilities, contact the U.S. Foreign and Commercial Service senior commercial officer at each foreign service post.

Section II. Other Services

The following programs are administered solely by the personnel at District Offices of the Commerce Department's U.S. and Foreign Commercial Service:

Trade Dispute Assistance (DO)

--The U.S. Government is prepared to assist in adjusting trade disputes arising between American and foreign traders at the request of either party. Such assistance is limited to informal, conciliatory efforts directed toward removing misunderstandings between the traders, thereby enabling them to settle their differences through friendly negotiations.

Only those disputes related to a commercial transaction between business firms should be directed to the U.S. Department of Commerce District Offices. The following types of cases should not be referred to Commerce for investigation: 1) disputes involving less than \$500, 2) collection cases, and 3) disputes that the complainant has made no effort to settle.

Export Seminars (DO)

--are held approximately 5,000 times a year by the Department of Commerce through its 48 U.S. District Offices. These seminars range in size from three to five persons in an office setting to 1,000 at a major meeting facility. The seminars focus on export-related topics and may deal with marketing to a particular country, export documentation, export financing, export controls, and various other topics including basic "how-to" export seminars. Commerce also conducts seminars/conferences on current international trade-related issues of particular interest to the international business community.

Section III. Export-Related Publications of the U.S. Department of Commerce

These publications are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402, or they can be ordered through the Department of Commerce District and Branch Offices.

A Basic Guide to Exporting. This best-selling Government guide tells one how to establish profitable trade, and how to get the valuable business assistance that other exporters rely on. The September 1986 issue is available for \$8.50. The GPO stock number is 003-009-00487-0.

Services for Exporters from the U.S. Government. This is the most comprehensive, current listing of Government services, programs and publications available to exporters. It describes each program, gives eligibility criteria, and provides valuable contacts. The price is \$4.25 and the GPO stock number is 052-070-05977-0.

Business America--The Magazine of International Trade. This is the journal of the International Trade Administration, published for those who are active or interested in foreign trade. Published on a bi-weekly basis, Business America carries articles on foreign trade policy issues, world market reports and trade opportunities around the world. Periodically, special coverage is given to individual country "Outlook" summaries, trade fairs around the world, national holiday schedules for every major world market, etc. Issues also focus on announcements and results of Department of Commerce-sponsored international trade promotion exhibitions, trade missions, and other trade promotion events. Other regularly carried features include "Economic Highlights" - current developments in the domestic economy pertinent to foreign trade, "Business Outlook Abroad" - economic trends and business opportunities in selected countries, and "Worldwide Business Opportunities" - opportunities for foreign sales, construction and licensing opportunities abroad, including foreign buyers planning buying trips to the United States. The annual subscription fee is \$57; add \$14.25 for other than a U.S. mailing address. The GPO stock number is 703-011-00000-4.

Country Studies. Each clothbound book describes and analyzes a country's current economy, government and politics, national security, contemporary society and lifestyles, history, and more. Researched and prepared by experts in the American University's Foreign Area Studies program, these "crash course" books provide comprehensive information about prospective markets to save one time, effort, and money. Those books currently available from GPO are Japan (008-020-00937-7), \$14.00; Saudi Arabia (008-020-01020-1), \$15.00; South Korea (008-020-00921-1), \$12.00; China (008-020-00888-5), \$12.00; Nigeria (008-020-00913-0), \$12.00; Australia (008-020-00540-1), \$13.00; West Germany (008-020-00943-1), \$11.00; East Germany (008-020-00918-1), \$12.00; Brazil (008-020-00975-0), \$11.00; and Indonesia (008-020-00965-2), \$8.00.

Background Notes on Countries of the World. A set of authoritative pamphlets on the nations and territories of the world. Each 6- to 8-page pamphlet offers current information on a country's leaders, politics, investments, economy, foreign relations, and more; and includes an up-to-date map. The Background Notes set includes all Notes available at the time of order, and may be kept up-to-date with an available subscription service. The price of the set is \$54.00 (GPO stock number 044-000-91214-7); the annual subscription is \$14.00 (GPO stock number 844-002-00000-9).

An Introduction to Contract Procedures in the Near East and North Africa. This publication recommends steps tailored to each country that will help companies avoid problems with performance requirements, pricing practices, availability of local materials, import and re-export regulations, labor situations, and much more. The cost of this publication is \$2.50 and its GPO stock number is 003-009-00434-9.

European Trade Fairs: A Guide for Exporters. Marketing goods and services through trade fairs is a European tradition which dates back over 1,200 years. This publication provides step-by-step instructions on how to choose the best fairs and participate in them successfully. The price is \$5.00 and the GPO stock number is 003-009-00341-5.

Key Officers of Foreign Service Posts: Guide for Business Representatives. This pocket guide lists all U.S. embassies, consulates and missions, with addresses and telephone numbers, and provides the names and titles of the key officers at each post. In addition, it provides the address and telephone number for current overseas security information, and more. The guide is updated three times a year. An annual subscription is \$10.00.

Partners in Export Trade Directory. Published by the Commerce Department's Office of Export Trading Company Affairs, this directory lists names, addresses, products, services, telephone numbers, and key managers of more than 4,500 banks, export trading companies, export management companies, manufacturers, service organizations, and producers. Lists are cross-referenced and cover all 50 states plus the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. All entries have been recently [October 1987] verified. The Directory (stock number 003-009-00512-4) is available for \$11.00.

Export Administration Regulations. This comprehensive guide by the Export Administration Agency provides the complete current policies and official regulations which control exports of U.S. products. The annual subscription fee of \$77.00 covers updates explaining all new policy changes and supplementary Export Administration bulletins. Updates come in looseleaf, three-hole papers punched for easy updating. The GPO stock number is 903-012-00000-5.

Foreign Economic Trends and Their Implications for the United States. These reports, prepared by experts in the U.S. Foreign and Commercial Service, consist of more than 100 bulletins each year. They focus on current economic situations in individual foreign countries and identify the principal causes of each development and its possible impacts on a company's export business. Newly-announced foreign government policies and priorities are discussed, and export opportunities are described. In addition, key economic indicators and trends in consumption, investment, foreign debt, and more are evaluated. The yearly subscription fee is \$49.00. Identify by GPO stock number 803-006-00000-8.

Foreign Business Practices. This manual should be of interest to exporters or anyone licensing or investing abroad. It supplies authoritative answers to questions about foreign business practices and also provides details on the use of export trade laws and export tax benefits. \$3.50. The GPO stock number is 003-009-00460-8.

Overseas Business Reports. These in-depth marketing studies of America's major trading partners offer an up-to-date, expert understanding of each country's economic outlook, industrial trends, trade regulations, distribution and sales channels, transportation, credit situation, and more. The annual subscription price is \$14.00 and the GPO stock number is 803-007-00000-4.

Foreign Trade Reports. These statistical reports provide authoritative data for determining marketing policies, assisting in appraising the general trade situation and outlook, studying share-of-the-market and market penetration, and measuring the impact of competition. There are a number of them, but the two described below might be of particular interest.

Highlights of U.S. Export and Import Trade (FT 990). This publication offers monthly and cumulative data on commodity groups, geographic areas, and major trade movements. The annual subscription price is \$47.00. Order by GPO stock number 703-048-00000-5.

U.S. Exports, Commodity by Country (FT 410). This monthly report keeps one informed on trends in shipments of specific products to their largest overseas markets. It consists of official data from the Census Bureau that enables one to determine which countries receive the largest quantities of U.S. exports. The GPO stock number is 703-044-00000-0 and the annual subscription cost is \$112.00.

For further information regarding these publications and services, contact the nearest U.S. Department of Commerce District or Branch Office. A list of these Offices follows.

U.S. DEPARTMENT OF COMMERCE
DISTRICT AND BRANCH OFFICES

Northeastern (Region I)

Connecticut: Hartford, 06103, Room 610-B, Federal Building, 450 Main Street (203) 240-3530 (D)

Maine: Augusta, 04330, 77 Sewell Street (207) 622-8249 (B)

Massachusetts: Boston, 02110, World Trade Center, Suite 307, Commonwealth Pier Area (617) 565-8563 (D)

New Hampshire: Serviced by the Boston District Office.

New York: Buffalo, 14202, 1312 Federal Building, 111 West Huron Street (716) 846-4191 (D)

New York: New York, 10278, Room 3718, Federal Office Building, 26 Federal Plaza, Foley Square (212) 264-0634 (D)

New York: Rochester, 14604, 121 East Avenue (716) 846-4191 (B)

Rhode Island: Providence, 02903, 7 Jackson Walkway (401) 528-5104 (B)

Vermont: Serviced by the Boston District Office.

Mid-Atlantic (Region II)

Delaware: Serviced by the Philadelphia District Office.

District of Columbia: Washington, 20230, Room H-1066, U.S. Department of Commerce 14th Street & Constitution Avenue, N.W. (202) 377-3181 (D)

Maryland: Baltimore, 21202, 415 U.S. Customhouse, Gay and Lombard Streets (301) 962-3560 (D)

New Jersey: Trenton, 08648, 313 Princeton Pike Building, 4D Suite 211 (609) 989-2100 (D)

Pennsylvania: Philadelphia, 19106, 9448 Federal Building, 600 Arch Street (215) 597-2850 (D)

Pennsylvania: Pittsburgh, 15222, 2002 Federal Building, 1000 Liberty Avenue (412) 644-2850 (D)

Appalachian (Region III)

Kentucky: Louisville, 40202, Room 636B, Gene Snyder Courthouse and Customhouse Building, 601 West Broadway (502) 582-5066 (D)

North Carolina: Greensboro, 27402, 203 Federal Building, 324 West Market Street, P. O. Box 1950 (919) 333-5345 (D)

South Carolina: Charleston, 29401, 17 Lockwood Drive (803) 724-4361 (B)

South Carolina: Columbia, 29201, Strom Thurmond Federal Building, Suite 172, 1835 Assembly Street (803) 765-5345 (D)

Tennessee: Memphis, 38103, 555 Beale Street (901) 521-4137 (B)

Tennessee: Nashville, 38103-1505, Suite 1114, Parkway Towers 404 James Robertson Parkway (615) 736-5161 (D)

Virginia: Richmond, 23240, 8010 Federal Building, 400 North 8th Street (804) 771-2246 (D)

West Virginia: Charleston, 26301, 3000 New Federal Office Building, 500 Quarrier Street (304) 347-5123 (D)

Southeastern (Region IV)

Alabama: Birmingham, 35205, Room 302, 2015 2nd Avenue North, 3rd Floor (205) 731-1331 (D)

Florida: Clearwater, 33515, 128 North Osceola Avenue (813) 461-0011 (B)

Florida: Jacksonville, 32202, Independence Square, Suite 3205C (904) 791-2796 (B)

Florida: Miami, 33130, Suite 224, Federal Building, 51 S.W. 1st Avenue (305) 536-5267 (D)

Florida: Tallahassee, 32304, Collins Building, Room 401, 107 West Gaines Street (904) 488-6469 (B)

Georgia: Atlanta, 30309, Suite 504, 1365 Peachtree Street, N.E. (404) 347-7000 (D)

Georgia: Savannah, 31402, 120 Barnard Street, A-107, P. O. Box 9746 (912) 944-4204 (D)

Mississippi: Jackson, 39213, 328 Jackson Mall Office Center, 300 Woodrow Wilson Boulevard (601) 965-4388 (D)

Puerto Rico: San Juan (Hato Rey), 00918, Room 659, Federal Building, Chardon Avenue (809) 753-4555, Ext. 555.

Great Lakes (Region V)

Illinois: Chicago, 60603, Room 1406, Mid Continental Plaza Building, 55 East Monroe Street (312) 353-4450 (D)

Illinois: Palatine, 60067, W. R. Harper College, Algonquin & Roselle Road (312) 397-3000, Ext. 532 (B)

Illinois: Rockford, 61110-0247, 515 North Court Street, P. O. Box 1747 (815) 987-8123 (B)

Indiana: Indianapolis, 46204, 357 U.S. Courthouse & Federal Office Building, 46 East Ohio Street (317) 269-6214 (D)

Michigan: Detroit, 48226, 1140 McNamara Building, 477 Michigan Avenue, (313) 226-3650 (D)

Michigan: Grand Rapids, 49503, 300 Monroe, N.W., Room 409 (616) 456-2411 (B)

Minnesota: Minneapolis, 55401, 108 Federal Building, 110 South 4th Street (612) 348-1638 (D)

Ohio: Cincinnati, 45202, 9504 Federal Building, 550 Main Street (513) 684-2944 (D)

Ohio: Cleveland, 44114, Room 668, 666 Euclid Avenue (216) 522-4750 (D)

Wisconsin: Milwaukee, 53202, 605 Federal Building, 517 East Wisconsin Avenue (414) 291-3473 (D)

Plains (Region VI)

Iowa: Des Moines, 50309, 817 Federal Building, 210 Walnut Street (515) 284-4222 (D)

Kansas: Wichita, 67203, River Park Place, Suite 535, 727 North Waco (316) 269-6160 (B)

Missouri: Kansas City, 64106, Room 635, 601 East 12th Street
(816) 374-3141 (D)

Missouri: St. Louis, 63105, 7911 Forsyth Boulevard, Suite 610
(314) 425-3302 (D)

Nebraska: Omaha, 68137, 1113 "O" Street (401) 221-3664 (D)

North Dakota: Serviced by the Omaha District Office.

South Dakota: Serviced by the Omaha District Office.

Central (Region VII)

Arkansas: Little Rock, 72201, Suite 811, Savers Federal Building
(501) 378-5794 (D)

Louisiana: New Orleans, 70130, 432 World Trade Center, 2 Canal Street
(504) 589-6546 (D)

New Mexico: Albuquerque, 87102, 512 Gold, S.W., Suite 4303
(505) 766-2386 (D)

Oklahoma: Oklahoma City, 73116, 5 Broadway Executive Park, Suite 200,
6601 Broadway Extension (405) 231-5302 (D)

Oklahoma: Tulsa, 74127, 440 South Houston Street (918) 581-7650 (B)

Texas: Austin, 78711, 410 East 5th Street, Room 304 (512) 472-5069
(B)

Texas: Dallas, 75242, Room 7A5, 1100 Commerce Street
(214) 767-0542 (D)

Texas: Houston, 77002, 2625 Federal Building & Courthouse, 515 Rusk
Street (713) 229-2578 (D)

Rocky Mountain (Region VIII)

Arizona: Phoenix, 85025, Federal Building & U.S. Courthouse, 230 North
1st Avenue, Room 3412 (602) 261-3285 (D)

Colorado: Denver, 80202, Room 119, U.S. Customhouse, 721 19th Street
(303) 844-3246 (D)

Idaho: Boise, 83720, Statehouse, Room 113 (208) 334-2470 (B)

Montana: Serviced by the Denver District Office.

Nevada: Reno, 89502, 1755 East Plumb Lane, Room 152 (702) 784-5203 (D)

Utah: Salt Lake City, 84101, Room 340, U.S. Courthouse, 350 South Main Street (801) 524-5116 (D)

Wyoming: Serviced by the Denver District Office.

Pacific (Region IX)

Alaska: Anchorage, 99513, P. O. Box 32, 701 C Street (907) 271-5041 (D)

California: Los Angeles, 90049, Room 800, 11777 San Vicente Boulevard (213) 209-6705 (D)

California: San Diego, 92122, 6363 Greenwich Drive (619) 293-5395 (D)

California: Santa Ana, 92701, 116-A West 4th Street, Suite #1 (714) 836-2461 (B)

California: San Francisco, 94102, Room 15205, Federal Building, 450 Golden Gate Avenue, P. O. Box 36013 (415) 556-5860 (D)

Hawaii: Honolulu, 96850, 4106 Federal Building, 300 Ala Moana Boulevard, P. O. Box 50026 (808) 541-1782 (D)

Oregon: Portland, 97204, Room 618, 1220 S.W. 3rd Avenue (503) 221-3001 (D)

Washington: Seattle, 98121, 3131 Elliott Avenue, Suite 290, (206) 442-5616 (D)

Washington: Spokane, 99201, West 808 Spokane Falls Boulevard, Room 623 (509) 456-4557 (B)

Note: To assist an ever-growing program, more than 900 chambers of commerce, boards of trade, and similar business groups in all 50 States and Puerto Rico have volunteered their services as "Commerce Departmental Associate Offices." Each works closely with its nearest District or Branch Office to inform local businesses of opportunities in domestic and international trade. District and Branch Offices maintain a close working relationship with each State's economic development office to assist each locality's business.

THE TWELVE MOST COMMON MISTAKES AND PITFALLS AWAITING NEW EXPORTERS

1. Failure to obtain qualified export counseling and to develop a master international marketing plan before starting an export business--To be successful, a firm must first clearly define goals, objectives, and the problems encountered. Secondly, it must develop a definitive plan to accomplish an objective despite the problems involved. Unless the firm is fortunate enough to possess a staff with considerable export expertise, it may not be able to take this crucial first step without qualified outside guidance.
2. Insufficient commitment by top management to overcome the initial difficulties and financial requirements of exporting--It may take more time and effort to establish a firm in a foreign market than in domestic ones. Although the early delays and costs involved in exporting may seem difficult to justify when compared to established domestic trade, the exporter should take a long-range view of this process and carefully monitor international marketing efforts through these early difficulties. If a good foundation is laid for export business, the benefits derived should eventually outweigh the investment.
3. Insufficient care in selecting overseas distributors--The selection of each foreign distributor is crucial. The complications involved in overseas communications and transportation require international distributors to act with greater independence than their domestic counterparts. Also, since a new exporter's history, trademarks, and reputation are usually unknown in the foreign market, foreign customers may buy on the strength of a distributor's reputation. A firm should therefore conduct a personal evaluation of the personnel handling its account, the distributor's facilities, and the management methods employed.
4. Chasing orders from around the world instead of establishing a basis for profitable operations and orderly growth--If exporters expect distributors to actively promote their accounts, the distributors must be trained and assisted, and their performance must be continually monitored. This requires a company marketing executive permanently located in the distributor's geographical region. New exporters should concentrate their efforts in one or two geographical areas until there is sufficient business to support a company representative. Then, while this initial core area is expanded, the exporter can move into the next selected geographical area.
5. Neglecting export business when the U.S. market booms--Too many companies turn to exporting when business falls off in the United States. When domestic business starts to boom again, they neglect their export trade or relegate it to a secondary place. Such neglect can seriously harm the business and motivation of their overseas representatives, strangle the U.S. company's own export trade, and leave the firm without recourse when domestic business falls off once more. Even if domestic business remains strong, the company may eventually realize that they have only succeeded in shutting off a valuable source of additional profits.

6. Failure to treat international distributors on an equal basis with domestic counterparts--Often, companies carry out institutional advertising campaigns, special discount offers, sales incentive programs, special credit term programs, warranty offers, etc., in the U.S. market but fail to make similar assistance available to their international distributors. This is a mistake that can destroy the vitality of overseas marketing efforts.
7. Assuming that a given market technique and product will automatically be successful in all countries--What works in one market may not work in others. Each market has to be treated separately to insure maximum success.
8. Unwillingness to modify products to meet regulations or cultural preferences of other countries--Local safety and security codes, as well as import restrictions, cannot be ignored by foreign distributors. If necessary modifications are not made at the factory, the distributor must do them--usually at greater cost and, perhaps, not as well. It should also be noted that the resulting smaller profit margin makes the account less attractive.
9. Failure to print service, sale, and warranty messages in locally understood languages--Although a distributor's top management may speak English, it is unlikely that all sales personnel (let alone service personnel) have this capability. Without a clear understanding of sales messages or service instructions, these persons may be less effective in performing these functions.
10. Failure to consider use of an export management company--If a firm decides it cannot afford its own export department (or has tried one unsuccessfully), it should consider the possibility of appointing an appropriate export management company.
11. Failure to consider licensing or joint-venture agreements--Import restrictions in some countries, insufficient personnel/financial resources, or a too limited product line cause many companies to dismiss international marketing as unfeasible. Yet, many products that can compete on a national basis in the United States can be successfully marketed in most markets of the world. A licensing or joint venture arrangement may be the simple, profitable answer to any reservations. In general, all that is needed for success is flexibility in using the proper combination of marketing techniques.
12. Failure to provide readily available servicing for the product--A product without the necessary service support can acquire a bad reputation in a short period, potentially preventing further sales.

Chapter IV

PRIVATE SECTOR SOURCES OF FOREIGN BUSINESS INFORMATION AND NAMES OF POTENTIAL CUSTOMERS */

The private sector also is very active in supplying the information needs of companies involved in exporting. A list of some of the privately-published directories of potential customers (such as construction companies, retail stores, etc.), directories of trade publications, and other publications that help companies develop international operations appear below. These may be helpful in showing your company how to set up its export sales department and identifying potential customers for builders' hardware products. This is only a small sampling of the many similar publications available. These publications and others often can be found in large public libraries. Of course, they also can be purchased directly from the publishers.

Africa South of the Sahara
The Middle East and North Africa
The Far East and Australasia

Europa Publications Limited, 18 Bedford Square, London WC1B 3JN, United Kingdom

These volumes provide background information on countries in the region indicated, along with the names and addresses of various government and private sector organizations, including those involved with the construction services and building materials industries.

American Bulletin of International Technology Transfer

International Advancement, P.O. Box 75537, Los Angeles, CA 90057

This is a listing of product and service opportunities offered and wanted for licensing and joint venture agreements. Coverage is for the United States and foreign countries.

American Export Register

Thomas Publishing Company, 1 Penn Plaza, 250 North 34th Street, New York, NY 10119. (212) 695-0500

A listing of more than 25,000 firms, this book is designed for persons searching for U.S. suppliers and for foreign manufacturers seeking U.S. suppliers or representatives for their products. It contains products lists in four languages, an advertiser's index, information about and a list of U.S. Chambers of Commerce abroad, and a list of banks with international services and shipping, financing and insurance information.

*/ None of these listings is to be considered as endorsement or preference by the U.S. Government, nor does omission of other firms and their products reflect disapproval.

Bottin International--International Business Register

Société Didot-Bottin, 28 rue du Docteur-Finlay, F-75738 Paris Cedex 15, France

This is a worldwide directory of companies of all kinds. Arrangement is by geographic region and by line of business.

Chase World Guide for Exporters

Exporters Credit Reports, Chase World Information Corporation, One World Trade Center, Suite 4533, New York, NY 10048. (212) 432-8000

The Guide covers about 180 countries and provides information on current export financing methods, collection experiences and charges, foreign import and exchange regulations and related subjects. In addition, the Corporation issues Reports, which specify credit terms granted for shipment to all the principal world markets; they also give the credit terms offered by the industry groups as a whole, allowing the reader to determine whether his or her terms are more liberal or conservative than the average for specific commodity groups.

Directory of American Firms Operating in Foreign Countries

World Trade Academy Press, 50 East 42nd Street, New York, NY 10017
(212) 697-4999

This three-volume directory, the 11th edition, contains the most recent data on approximately 3,000 American corporations controlling and operating more than 22,500 foreign business enterprises in 122 countries. It lists every American firm under the country in which it has subsidiaries or branches, together with their home office branch in the United States. It also gives the names and addresses of their subsidiaries or branches and products manufactured or distributed.

Directory of Leading U.S. Export Management Companies

Bergano Book Company, P.O. Box 190, Fairfield, CT 06430
(203) 254-2054

This book contains detailed information about hundreds of leading export management companies (EMC's) in the United States. Each entry provides the organization name and address, business contact, telephone number, cable and Telex number, year established, and products the EMC specializes in.

"Directory" series

Dun & Bradstreet International, Inc., One World Trade Center, Suite 9069,
New York, NY 10048 (212) 524-8200

These directories list the names, addresses, business specialties (classified by the Standard Industrial Classification code), and credit ratings of companies in foreign countries. The following is a list of the directories currently available and in parentheses the approximate number of firms listed in each.

Australia

Australian Key Business Directory (18,300)

Jobson's Year Book of Public Companies of Australia and New Zealand
(1,000 public and 600 private companies)

Austria

Austria's 10,000 Largest Companies

Belgium & Luxembourg

Belgium & Luxembourg 10,000

Brazil

Brazilian Key Business Directory (10,000 largest firms)

Canada

Canadian Key Business Directory (13,000 leading companies with at least \$5 million annual sales)

Guide to Canadian Manufacturers (lists 10,000 manufacturing firms with sales of \$1 million or more)

Central and South America

Dun's Latin America's Top 25,000

France

France's 30,000

Hong Kong

Dun's Guide: Top 100 Japanese Companies in Hong Kong

Dun's Guide: Top U.S. Companies in Hong Kong

Israel

Dun's Guide Israel (5,000 businesses)

Italy

Dun's 2,000--Italy's Leading Companies

Netherlands

Nederlands Ondernemingen (in Dutch and English, 2,000 largest firms)

Portugal

Dun's Pep (top 3,500 companies)

Spain

Spain's 15,000

United Kingdom

Key British Enterprises (20,000)

Export Directory: Buying Guide.

Journal of Commerce, 110 Wall Street, New York, NY 10005
(212) 425-1616

Export Shipping Manual

Bureau of National Affairs, 1231 25th Street, N.W., Washington, DC 20037
(202) 452-4200

Provided in a looseleaf reference binder, this report gives detailed current information on shipping and import regulations for all areas of the world.

Exporter's Encyclopedia

Dun & Bradstreet International, Inc., 430 Mountain Avenue,
New Providence, NJ 07974 (201) 665-0666

This book provides information on: 1) how to handle export orders, 2) economic, political and commercial analyses of 220 world markets, 3) how to deal with such export matters as dispute arbitration, customers' credit data, financial arrangements, and legal requirements, and 4) transportation matters. It is published annually with semimonthly updates.

Exportise: An International Trade Source Book for Smaller
Company Executives

The Small Business Foundation of America, Inc., 20 Park Plaza,
Boston, MA 02116 (617) 350-5096

This is a source book of information to introduce the small business manager to international trade. The book introduces as many facets of the field as possible and then lists auxiliary sources for more detailed information.

Topics include locating and using U.S. Government agencies, private consultants, export management firms, etc.; brief introductions to the major U.S. export consumer nations; channels of distribution; international finance and banking; transportation of goods; legal issues; and personal travel in conjunction with sales efforts.

The Financing of Imports and Exports

Morgan Guaranty Trust Company of New York, 23 Wall Street, New York, NY 10015
(212) 483-2323

A Guide to Checking International Credit

A Guide to Export Marketing

A Guide to Selecting the Freight Forwarder

A Guide to Understanding Drafts

A Guide to Understanding Letters of Credit

International Trade Institute, 5055 North Main Street, Suite 270,
Dayton, OH 45415 (800) 453-2453

International Construction Week series

McGraw-Hill Publications Company, 1221 Avenue of the Americas,
New York, NY 10020 (212) 512-2534

This construction project reporting service is composed of four separate weekly reports: 1) ICW Africa Construction Business Report, 2) ICW Asia Construction Business Report, 3) ICW Latin American Construction Business Report, and 4) ICW Mideast Construction Business Report. The primary coverage is on construction contracts up for bid (data on contracting organizations are provided) and contracts awarded (names, addresses, and other information on the winning firms are given).

International Directory of Importers

Blytmann International, 195 Dry Creek Road, Healdsburg, CA 95448
(707) 433-3900

This four-edition series lists the names and addresses and describes the products handled by large importers in major countries throughout the world. A small number of firms serving international trade also are listed for each country. Arrangement is by products handled by the importers.

Jaeger's Europa Register

Deitsche Adressbuch-Verlag für Wirtschaft und Verkehr GmbH,
P.O. Box 11 03 20, D-6100 Darmstadt, Federal Republic of Germany.

This buyer's guide lists names and addresses of firms in European countries by the product or service they offer.

Kelly's Manufacturers and Merchants Directory

Volume 1: Great Britain, Northern Ireland, and the Republic of Ireland
Volume 2: Europe, Africa, The Americas, Asia, and Oceania

Kelly's Directories Limited, Windsor Court, East Grinstead House, East Grinstead, West Sussex RH19 1XB, United Kingdom (telephone: 0342 26972)

The names and addresses of service firms and products manufacturers are arranged under a series of specialty headings.

Latin America Market Guide

Dun & Bradstreet International, Inc., One Exchange Plaza, Suite 715,
Jersey City, NJ 07302 (201) 547-6050

This directory lists names, addresses, business specialties (classified by the Standard Industrial Classification code), and credit ratings of more than 210,000 companies in Middle and South America. Also, for each country there are basic market data, outlining important geographic, economic and demographic characteristics.

Local Chambers of Commerce Which Maintain Foreign Trade Services

International Division, Chamber of Commerce of the United States,
1615 H Street, N.W., Washington, DC 20062

This is a list of chambers of commerce that have programs to aid exporters.

Major Companies of the Arab World

Graham & Trotman, Sterling House, 66 Wilton Road, London
SW1V 1DE, United Kingdom (telephone: 01-821-1123)

This directory lists the names and addresses and other data (such as names of key executives and the principal business specialty) for large Arab companies.

Media Guide International

Directories International, Inc., 150 Fifth Avenue, Suite 610,
New York, NY 10011 (212) 807-1660

Arranged in a geographically-based series of publications, these directories provide information on business, professional, and trade publications from around the world.

Principal International Businesses: The World Marketing Directory

Dun & Bradstreet International, Inc., One Exchange Plaza, Suite 715,
Jersey City, NJ 07302 (201) 547-6050

This directory covers approximately 50,000 major businesses, in all lines, in 133 countries. Arrangement is by 1) geographical location, 2) Standard Industrial Classification code, and 3) alphabetical order. Data includes firms' sales volume, number of employees, and narrative description of specific activities, services, or products.

Reference Book for World Traders

Croner Publications, Inc., 211 Jamaica Avenue, Queens Village, NY 11428
(718) 464-0866

A loose-leaf reference book for traders. It provides information on export documentation, steamship lines and airlines, free trade zones, credit, and related matters. Supplemented monthly.

The Standard Handbook of Industrial Distributors

Bergano Book Company, P.O. Box 190, Fairfield, CT 06430 (203) 254-2054.

Especially designed and compiled for manufacturers, exporters, and trading firms which wish to expand overseas sales, this two-volume set contains over 1,200 entries of importing firms and major distributors in Europe, the Middle East, Asia, Africa, and Latin America. Each volume has sections with detailed company information, including lists of items imported.

Trade Directories of the World

Croner Publications, Inc., 211 Jamaica Avenue, Queens Village, NY 11428
(718) 464-0866

Ulrich's International Periodicals Directory

R. R. Bowkers Company, 1180 Avenue of the Americas, New York, NY 10036
(212) 764-5132

This is a classified guide to foreign and domestic periodicals. The 1983 edition lists about 64,000 periodicals of all kinds from all over the world, arranged by subject matter.

Ward's Business Directory of Major International Companies

Information Access Company, 11 Davis Drive, Belmont, CA 94002
(800) 227-8431

This directory, part of a series, provides extensive data on the leading 15,000 companies in the world, arranged by country and product and/or service.

World Directory of Multinational Enterprises

Facts on File, Inc., 460 Park Avenue South, New York, NY 10016
(212) 683-2244

This directory lists about 430 multinational companies based in the United States, Japan, England, France, the Federal Republic of Germany, and Italy. The basis for inclusion in this list is sales by these companies outside their native countries.

World Trade Index

Eagle Publishing Company, 63b Lansdowne Place, Hove BN3 1FL,
East Sussex, England Telephone: 0273-773174

This directory lists names and addresses of companies from 90 countries under headings of products and services.

Chapter V

INTERNATIONAL FINANCING ORGANIZATIONS

An important aspect of all international sales operations is financing. The following section is designed to acquaint your company with some of the more important international financing institutions.

The following organizations are involved in international financial transactions and are among the prime sources of information on major construction projects in foreign countries and the names of the architectural/engineering/construction (a/e/c) firms bidding for or holding contracts either financed or insured by them. In addition, some of them either finance or insure the financing of international product sales.

The presentation below is oriented toward the information needs of a/e/c companies; however, it might be helpful to builders' hardware manufacturers seeking to identify potential sales prospects and in certain instances (such as some programs of the Export-Import Bank of the United States), looking for financing or payment guarantees for their foreign sales.

Export-Import Bank of the United States
811 Vermont Avenue, N.W.
Washington, DC 20571

Contact: Office of Public Affairs
and Publications
(202) 566-8990
or
Eximbank Small Business
Answer Desk
(202) 653-7561

The U.S. Export-Import Bank (Eximbank) is an independent, financially self-sustaining U.S. Government agency. Its primary purpose is to facilitate the export of U.S. goods and services through a variety of financial assistance programs. Several of these programs are well suited for use by American consulting, engineering, and construction firms working overseas. The specific financing facility to be used depends on a number of factors, including the type of services and goods being financed, contract price, method of repayment, and repayment terms.

Financial Support Programs - are available for use by any U.S. exporter of non-military goods and services, regardless of size. The programs include: Direct Loans, Intermediary Loans, Guarantees, Working Capital Guarantees and Insurance. Essentially, there are three basic categories of programs: long-term (7 years to 10 years), medium-term (181 days to 7 years), and

short-term (up to 181 days).

Long-Term Program - is used to support major project or product sales with an approximate contract value of \$10 million or more. The Direct Loan goes to the foreign buyer, the Intermediary Loan goes to any responsible party who will then lend to the foreign buyer, and the guarantee is used to assure repayment of a private loan made to the foreign buyer.

Direct loans are extended to the foreign buyer by Eximbank and the commercial bank or banks involved, normally to be repaid in U.S. dollars by the buyer in semiannual installments over a period of years. Payments to the U.S. firms usually are made directly by Eximbank and the commercial banks to their U.S. accounts. To obtain a "Letter of Interest" or "Preliminary Commitment" from Eximbank for bidding on a particular project, U.S. firms should contact Eximbank loan officers responsible for a specified country, or write a letter of application to the U.S. Export-Import Bank at the above address to request an application form.

Short- and Medium-Term Programs - offer financing assistance including different Foreign Credit Insurance coverages. A frequently used medium-term program for consulting, engineering, or other technical service firms is the Medium-term Guarantee Program. It is designed to support product and related service sales with a contract value of less than \$10 million, although it is not intended to cover general construction or contracting work. Under this facility, shipments of capital or quasi-capital goods and related services can be financed for extended credit terms of 181 days to 7 years, depending upon the contract value. In contrast to the insurance program, however, the guarantee program is operated through U.S. commercial banks that directly extend the export credit and have repayment guaranteed by Eximbank. Nearly 300 national and regional banks participate in this program.

To benefit from the Medium-term Guarantee program, a consulting, engineering, or technical service firm planning to bid on a project should apply to its U.S. bank for financing the contract. The bank in turn would apply to Eximbank for guarantee coverage of the commercial and political risks involved in extending credit to designated overseas buyers. Both products and related services can be financed through this facility.

The Engineering Multiplier Program - provides enhanced financing benefits to help U.S. architectural and engineering firms win foreign contracts for project-related feasibility studies and pre-construction engineering services. Under the program, Eximbank offers medium-term loans directly to the foreign buyer of those services. It also offers to guarantee private financing for a portion of the local costs of the project. To qualify for the program, the contract must involve a project with potential to generate additional U.S. exports worth \$10 million or twice the amount of the initial contract, whichever is greater.

Requests for further information and applications should be directed to:
Office of Public Affairs, U.S. Export-Import Bank at the above address.

Foreign Credit Insurance Association
One World Trade Center, 9th Floor
New York, NY 10048

Contact: Carl Neederman
National Marketing Manager
(212) 227-7020

The Foreign Credit Insurance Association (FCIA) insures foreign receivables against payment default. The beneficiary is the U.S. exporter of goods or services, who can thus compete more effectively in overseas markets.

One FCIA policy is designed to serve exports of such U.S. services as architectural and engineering design, consulting for feasibility studies, and construction supervision. The policy protects the ongoing stream of receivables against loss for either commercial or political reasons in some 140 overseas markets.

International Development Cooperation Agency
Agency for International Development
320 21st Street, N.W.
Washington, DC 20523

Contact: Office of Small Business SER/CM/SB
(703) 875-1556

The Agency for International Development (AID), part of the U.S. International Development Cooperation Agency (IDCA), makes loans and grants to selected developing countries throughout the world to finance engineering and economic feasibility studies, engineering designs, supervision of construction, construction services, and equipment procurement.

Loan recipient countries select consulting firms for planning and engineering in accordance with Agency rules, which are quite similar to the Federal Procurement Regulations. Construction contracts are required by Agency policy to be fixed price (lump sum or unit price) and awarded by the recipient country through publicly opened sealed bids.

AID is required to approve the contractors and the contracts for both construction and engineering services. This approval is issued either in Washington, D. C., or in the overseas AID mission concerned, depending upon the established levels of authority for that mission.

In loan recipient countries, officials who have authority in the selection of engineers/constructors may vary from project to project. Such individuals normally are located in a Ministry of Public Works or a similar government agency.

Details of desired consulting services usually are developed when projects are finally approved for execution, and are not released until the contractor selection program has been initiated.

AID Office of Small Business - maintains the Contractor's Index, an extensive file of firms that have expressed an interest in performing Agency work. The file is used to review qualifications of firms proposed for contracts under AID-financed projects.

Requests for expressions of interest are published in Commerce Business Daily, a publication of the U.S. Department of Commerce. The AID Office of Engineering reviews all data on file concerning responding firms, and interviews representatives seeking information relating to AID-supported activity.

Firms that want to be included in the AID Contractor's Index and that wish to be considered for future work should initially submit appropriate forms detailing their experience and qualifications to AID's Office of Small Business.

The following AID questionnaire forms are available:

Architect-Engineer - U.S. Standard Forms 254 and 255

Management Consultant - Form No. AID 1420-6

Urban and Regional Planner Consultant - Form No. AID 1420-19

In addition, it is recommended that firms establish a routine procedure for reviewing each issue of Commerce Business Daily to identify suitable projects. Proposed procurement of services exceeding \$10,000 on most technical service requirements, and all AID-financed construction projects are publicized in Commerce Business Daily. Information on how to subscribe to this publication may be obtained by writing to the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402.

AID Office of Engineering - is the office primarily concerned with determining relative qualifications of architect-engineer firms. The titles of some of its principal officials are:

Chief Engineer, Asia Bureau/Project Development Engineering Division

Chief Engineer, Near East Bureau/Project Development Engineering Division

Chief Engineer, Africa Bureau/Development Resources, Engineering Division

Chief Engineer, Latin American Bureau/Latin American Caribbean Development Resources Engineering Division

International Development Cooperation Agency
Trade and Development Program
320 21st Street, N.W.
Washington, DC 20523

Contract: Christian Holmes
Director
Trade and Development Program
(703) 235-3663

The Trade and Development Program (TDP) is authorized to spend International Development Cooperation Agency (IDCA) funds for development programs utilizing U.S. private expertise. This involves project identification/preparation studies and surveys, including feasibility studies that may lead to follow-on development projects financed with host country or borrowed funds.

IDCA guidelines direct the use of this financial authority to promote reimbursable development programs that permit the procurement of goods and services directly from the U.S. private sector. This represents an important change from previous policy that limited the use of the authorized funds to finance feasibility studies where there was an expectation that a follow-on project would result and involve procurement solely from an agency or agencies of the U.S. Government.

All inquiries about the Trade and Development Program should be sent to the Director at the above address.

International Development Cooperation Agency
Overseas Private Investment Corporation
1129 20th Street, N.W.
Washington, DC 20527

Contact: Jacqueline Crumpler
Central Records Officer
Application Office
(202) 457-7059

The Overseas Private Investment Corporation (OPIC) is a self-sustaining U.S. Government agency whose purpose is to promote economic growth in developing countries by encouraging U.S. private investment in them.

OPIC assists U.S. investors in this effort through two principal programs: (1) the insurance of investment against certain political risks and (2) the financing of U.S.-sponsored enterprises through direct loans and/or loan guaranties.

Currently, OPIC programs are available for new business enterprises or expansions in approximately 100 developing countries or areas around the world.

Most of the OPIC programs would apply to those situations in which a builders' hardware manufacturer might agree to initiate a joint venture arrangement to produce its products in a foreign country. OPIC also offers exporters of builders' hardware insurance against the risks of currency inconvertibility; confiscation of tangible assets and bank accounts; damage to physical assets due to war, revolution, insurrection and civil strife; and losses sustained when a government owner fails to settle a dispute in accordance with the provisions of the underlying contract.

For investors seeking business opportunities in Third World countries, OPIC offers a computer data system that can match an investor's interest with specific overseas opportunities.

This free service, known as the Opportunity Bank, allows U.S. firms to submit a description of their business, the type of investment sought, and the developing country or countries of interest. Upon request, the information can be "matched" against similar information submitted by foreign businesses seeking American investors.

U.S. Department of the Treasury

Contact: Frank Vukmanic
Director
Office of International
Development Banks
15th and Pennsylvania Avenue, N.W.
Washington, DC 20220
(202) 566-8171

The U.S. Governor on the Board of Governments of the multilateral development banks (MDBs) is the Secretary of the Treasury. U.S. Executive Directors (EDs) at the MDBs are the operational representatives of the U.S. Governor. One of their primary duties is to ensure that U.S. business has fair and equal access under the international competitive bidding procedures of these financial institutions for procurement opportunities generated by MDB-financed projects.

Multilateral Development Banks

Contact: Robert B. Keating
U.S. Executive Director
World Bank Group
1818 H Street, N.W.
Room D-1328
Washington, DC 20433
(202) 477-4071

Jose Manuel Casanova
Executive Director
Inter-American Development Bank
1300 New York Avenue, N.W.
Room NE1103
Washington, DC 20577
(202) 623-1031

U.S. Executive Director
Asian Development Bank
U.S. Embassy-Manila
APO 96528-San Francisco
(Telephone: 90163-2-59-8011)

The ED offices help U.S. firms solve any problems arising in a firm's relationship with these institutions. They also meet with various chambers of commerce and other business organizations to discuss procurement opportunities and administrative procedures in the MDBs.

The Office of International Development Banks monitors U.S. participation in the MDBs, including their overall procurement and the competitiveness of U.S. companies in obtaining contracts funded by the institutions.

Information on U.S. procurement performance and MDB administrative procedures is made available by Treasury through participation in official industry seminars and other functions (International Engineering and Construction Industries Council conferences and seminars) and through a Treasury booklet--Export Opportunities for American Business Through the International Development Banks--which is available from U.S. Executive Directors at individual banks, selected U.S. Commercial Service District Offices, and the Commerce Export Information Reference Room, Room H1325, U.S. Department of Commerce, Washington, DC 20230.

A general description of the multilateral development banks and sources of additional information on their purposes and activities follows:

Asian Development Bank

The Asian Development Bank finances economic projects for its 45 developing member nations in the Asia-Pacific region. It started functioning in 1966 with headquarters in Manila, Philippines. It is owned by the governments of 31 countries from the Asia-Pacific region and 14 countries from Europe and North America. The United States is a member.

The operations of the Bank cover the entire spectrum of economic development, with emphasis on agriculture, energy and social infrastructure. Most Bank financing is designed to support specific projects.

Information on the reports the ADB issues on projects it has under consideration for financing may be obtained from its headquarters address, P.O. Box 789, Manila, Philippines 2800.

Inter-American Development Bank

This institution was created in 1959 to help accelerate the economic and social development of its member countries in Latin America.

Today the IDB is the principal source of external public financing for most of the countries of the Latin American region.

The Bank also serves as a catalyst for mobilizing external private capital for Latin America's development through borrowings in the international financial markets and by promoting co-financing arrangements with other financial institutions for development projects in the region.

Lists of IDB-approved projects (with contacts for procurement of goods and services for these projects) appear monthly in editions of IDB News. This free publication and other documents that provide details on the IDB's roles and operations are available from the Office of External Relations, Inter-American Development Bank, 1300 New York Avenue, N.W., Washington, DC 20577 (telephone: (202) 623-1379).

The World Bank

The institution known as the World Bank is the International Bank for Reconstruction and Development (IBRD) and its affiliate, the International Development Association (IDA).

The IBRD, established in 1945, is owned by the governments of 144 countries. It finances its lending operations primarily from its own borrowings in the world capital markets. A substantial contribution to its resources also comes from retained earnings and the flow of repayments on its loans. Loans are directed toward developing countries at more-advanced stages of economic and social growth.

The IDA was established in 1960 to provide assistance for the same purposes as the IBRD, but primarily in the poorer developing countries and on terms that would bear less heavily on their balance of payments than IBRD loans. IDA's assistance is, therefore, concentrated on the very poor countries.

Lists of projects being considered for financing by the IBRD and the IDA appear in the Monthly Operational Summary, a publication available for \$95 annually from the Johns Hopkins University Press, Journals Division, Johns Hopkins University, 701 West 40th Street, Baltimore, Maryland 21211 Telephone: (301) 338-6988.

APPENDIX

QUESTIONNAIRE ON THE MARKET FOR BUILDERS' HARDWARE */ IN [NAME OF COUNTRY]

What is the approximate size of the current [name of country] market for builders' hardware? A break-down in terms of specific products, such as padlocks, residential door locksets, etc., would be helpful.

What is the market growth potential for builders' hardware? Are there any near- or long-term changes in the [name of country] market forthcoming that would alter the market for these products?

What competition do American builders' hardware manufacturers face? A brief description of the domestic industry and important exporting countries to [name of country] would be helpful.

Who specifies the builders' hardware for a building: architect, engineer, etc., and who is the primary buying influence: the owner, architect, distributor?

How does one go about obtaining information on product standards, if any?

Is it advisable to use a sales agent or deal directly with construction contractors, wholesale supply dealers, retail store buyers in selling in [name of country]?

How important are personal visits by company personnel based in the United States? Or could a company operate just as well with a sales agent?

Are there any upcoming trade fairs that would be appropriate for U.S. firms to attend or participate in?

Is there a potential market for access control units? (The reference is to the newer types of security locks that are electronically controlled, sometimes by a computer. These units currently are finding their biggest success in hotels, luxury apartments, and office buildings.)

How would you rate the prospects for American sales of builders' hardware products in [name of country]? () excellent, () good, () fair, () poor?

If American exports are not advisable, do possibilities exist for licensing arrangements for U.S. builders' hardware manufacturing technology?

*/ The term "builders' hardware" refers to the following products:

- Iron and steel brackets
- Locks and locksets used on the doors and windows of buildings
(including electronically-operated systems)
- Locks and locksets used on cabinets
- Door bolts and checks used in buildings
- Hinges of all types
- Keys and key blanks
- Padlocks
- Architectural trim (sold separately), including protection plates, push
plates, pulls, push-pull bars, and lock trim not elsewhere classified Exit
devices (anti-panic devices)
- Miscellaneous closet hardware, including shelving other than decorative
shelving
- Door controls, closers, and checking devices
- Hangers, tracks and related items
- Door holders and stops

Integrating the above material into a detailed, comprehensive export plan for your company's builders' hardware products may enable you to develop an effective export sales program, one we hope will result in substantial sales volume increases for your company.

Your comments and questions concerning this marketing plan are welcomed. Also, we would like to know whether this information resulted in your firm's establishing an export sales department, and if so, the success of the venture.

Address all correspondence to Franklin E. Williams, Building Materials and Construction Division, Trade Development, International Trade Administration, Room H-4045, U.S. Department of Commerce, Washington, DC 20230.